
ANCONIA RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
JUNE 30, 2020**

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Anconia Resources Corp. (the "Company") have been prepared by and are the responsibility of management.



REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

To the Audit Committee of the Board of Directors of
Anconia Resources Corp.

In accordance with our engagement letter dated July 17, 2020, we have performed an interim review of the statement of financial position of Anconia Resources Corp. (the "Company") as at June 30, 2020, and the statement of comprehensive of loss, statement of changes in equity and statement of cash flows for the three and nine month periods then ended. These financial statements are the responsibility of the Company's management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Financing Reporting Standards.

This report is solely for the use of the Audit Committee of the Company to assist it in discharging its regulatory obligation to review these financial statements and should not be used for any other purpose.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 28, 2020

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	June 30, 2020	September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,778	\$ 3,810
Accounts receivable and other assets (note 3)	3,600	1,898
Total Current assets	7,378	5,708
Non-Current assets		
Exploration and evaluation assets (note 4)	702,916	701,823
Total Assets	\$ 710,294	\$ 707,531
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 905,650	\$ 743,949
Loan payable (note 6)	107,346	39,685
Loans from related parties (note 7)	84,892	78,135
Total Liabilities	1,097,888	861,769
Shareholders' Deficiency		
Share capital (note 8(b))	6,041,605	6,041,605
Reserves for share-based payments (note 10(b))	1,112,307	1,112,307
Reserves for warrants (note 9)	-	25,887
Other reserves	2,900,635	2,874,748
Accumulated deficit	(10,442,141)	(10,208,785)
Deficiency	(387,594)	(154,238)
Total Liabilities and Shareholders' Deficiency	\$ 710,294	\$ 707,531

Nature of operations and going concern (note 1)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Approved by the Board of Directors:

Director: Jason Brewster

Director: Michael Florence

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Expenses				
General and administrative (note 13)	\$ 52,536	\$ 99,174	\$ 233,356	\$ 314,307
Other items				
Foreign exchange gain	-	272	-	313
Gain on debt settlement (note 4 and 8(b))	-	-	-	469,309
Impairment of exploration and evaluation assets (note 4)	-	(5,240,248)	-	(5,240,248)
Other income (note 13)	-	-	-	146,355
Net loss and comprehensive loss for the period	\$ (52,536)	\$ (5,339,150)	\$ (233,356)	\$ (4,938,578)
Basic and diluted loss per share (note 11)	\$ (0.00)	\$ (0.05)	\$ (0.00)	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	117,589,409	117,589,409	117,589,409	116,600,938

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital	Reserves			Accumulated deficit	Total
		Share-based payments	Warrants	Other reserves ⁽¹⁾		
Balance, September 30, 2018	\$ 5,924,278	\$ 1,112,307	\$ 208,015	\$ 2,692,620	\$ (5,227,156)	\$ 4,710,064
Common shares issued for debt (note 8(b))	117,327	-	-	-	-	117,327
Net loss and comprehensive loss for the period	-	-	-	-	(4,938,578)	(4,938,578)
Balance, June 30, 2019	\$ 6,041,605	\$ 1,112,307	\$ 208,015	\$ 2,692,620	\$ (10,165,734)	\$ (111,187)
Balance, September 30, 2019	\$ 6,041,605	\$ 1,112,307	\$ 25,887	\$ 2,874,748	\$ (10,208,785)	\$ (154,238)
Expiry of warrants (note 9)	-	-	(25,887)	25,887	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(233,356)	(233,356)
Balance, June 30, 2020	\$ 6,041,605	\$ 1,112,307	\$ -	\$ 2,900,635	\$ (10,442,141)	\$ (387,594)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

⁽¹⁾ Other reserves include the value of the warrants that had expired unexercised.

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended June 30,	
	2020	2019
Operating Activities		
Net loss for the period	\$ (233,356)	\$ (4,938,578)
Impairment of exploration and evaluation assets (note 4)	-	5,240,248
Accrued interest on loan from related party (note 7)	6,757	6,488
Gain on debt settlement	-	(469,309)
Net change in non-cash working capital:		
Accounts receivable and other assets	(1,702)	2,705
Accounts payable and accrued liabilities	161,701	86,056
Cash provided by (used in) operating activities	(66,600)	(72,390)
Investing Activities		
Expenditures on exploration and evaluation assets	(1,093)	(2,069)
Cash used in investing activities	(1,093)	(2,069)
Financing Activities		
Proceeds from loan payable	67,661	39,685
Proceeds from loan from related party	-	35,000
Cash provided by financing activities	67,661	74,685
Net change in cash and cash equivalents	(32)	226
Cash and cash equivalents, beginning of the period	3,810	5,811
Cash and cash equivalents, end of the period	\$ 3,778	\$ 6,037

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of operations and going concern

Anconia Resources Corp. ("Anconia" or the "Company") was incorporated under the Business Corporations Act (Ontario) on March 22, 1962 and its activities were directed toward locating exploration and evaluation assets. The primary office of the Company is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of \$10,442,141 as at June 30, 2020 (September 30, 2019 - \$10,208,785). As at June 30, 2020, the Company had cash and cash equivalents of \$3,778 (September 30, 2019 - \$3,810) and a working capital deficit of \$1,090,510 (September 30, 2019 - \$856,061). These conditions and events raise a material doubts about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast substantial doubt upon the Company's ability to continue as a going concern, as described in the following paragraph. These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis. To meet the challenges of the current climate in the financial markets, the Company is minimizing its expenditures.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. The financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. Management is of the opinion that additional funding is available and may be sourced in time to allow the Company to acquire exploration and evaluation assets. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such exploration and evaluation assets, these procedures do not guarantee the Company has a perfected title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, and renegotiation of contracts.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
(Expressed in Canadian Dollars)
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2. Significant accounting policies

(a) Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of July 28, 2020, the date the Board of Directors approved the statements. Other than changes in accounting policies discussed below, the same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended September 30, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Changes in accounting policies

Certain pronouncements were issued by IASB and IFRIC that are mandatory for accounting periods after September 30, 2019. The following new standards have been adopted:

Effective October 1, 2019, the Company adopted IFRS 16 - Leases ("IFRS 16"). IFRS 16 was issued in January 2016 and replaces IAS 17 - Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The adoption of IFRS 16 had no impact to the Company's consolidated financial statements.

3. Accounts receivable and other assets

	June 30, 2020	September 30, 2019
Sales tax receivable (i)	\$ 2,109	\$ 1,403
Prepaid expenses	1,491	495
	\$ 3,600	\$ 1,898

(i) Sales tax receivable is not past due.

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Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

4. Exploration and evaluation assets

	Acquisition	Exploration	Total
Balance, September 30, 2018	\$ 303,000	\$ 5,562,003	\$ 5,865,003
Additions	75,000	2,068	77,068
Impairment	-	(5,240,248)	(5,240,248)
Balance, September 30, 2019	378,000	323,823	701,823
Additions	-	1,093	1,093
Balance, June 30, 2020	\$ 378,000	\$ 324,916	\$ 702,916

Grenfell Property

On September 2, 2014, the Company entered into an option agreement (the "Agreement") with Cadillac Ventures Inc. ("Cadillac") whereby the Company will have the option to acquire up to a 100% interest in Cadillac's Grenfell Property (the "Property") in the Kirkland Lake area.

Under the terms of the agreement, Anconia can acquire a 60% interest (the "Option") upon (i) incurring expenditures on the Property of at least \$275,000 by September 1, 2016, and (ii) issuing 2,000,000 common shares of Anconia to Cadillac (1,000,000 common shares issued as of September 30, 2014 at a fair value of \$60,000 and 1,000,000 common shares were issued on June 17, 2015 at a fair value of \$15,000).

Upon acquisition of the 60% interest, Anconia will have the option to acquire the remaining 40% interest in the Property for (i) \$300,000 (\$200,000 of which shall be paid in cash and \$100,000 of which shall be paid by the issuance of common shares of Anconia at a deemed price of the average of the 20 days closing price prior to the day upon which Cadillac is notified the interest is to be earned), and (ii) Cadillac retaining a 2% net smelter return royalty ("NSR") in the Property, 1% of the NSR can be purchased by Anconia for a period of up to 2 years after achieving commercial production for the sum of \$1,000,000.

On May 17, 2017, the Company issued 5,000,000 common shares of the Company to obtain a 100% ownership interest in the Grenfell Gold property in Kirkland Lake, Ontario. The shares were valued for \$150,000 with \$0.03 per share based on the fair market value of the Company's shares on the date of issuance.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
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4. Exploration and evaluation assets (continued)

Exploration activities for the nine months ended June 30, 2020 are as follows:

	Grenfell Property	Sault Ste. Marie	Nunavut Atlas	Total
Others	\$ 1,093	\$ -	\$ -	\$ 1,093

Exploration activities for the nine months ended June 30, 2019 are as follows:

	Grenfell Property	Sault Ste. Marie	Nunavut Atlas	Total
Acquisition costs	\$ -	\$ 75,000	\$ -	\$ 75,000
Others	2,068	-	-	2,068
	\$ 2,068	\$ 75,000	\$ -	\$ 77,068

Note 1: During the year ended September 30, 2019, the Company has decided to no longer pursue the Sault Ste. Marie and Nunavut Atlas properties and has written off the values of the properties to \$nil.

Exploration and acquisition activities and impairment from inception to June 30, 2020 are as follows:

	Grenfell Property	Sault Ste. Marie	Nunavut Atlas	Total
Geology	\$ 279,067	\$ 66,790	\$ 2,244,837	\$ 2,590,694
Drilling	112,163	-	2,252,012	2,364,175
Planning	-	-	73,956	73,956
Drafting	-	-	24,658	24,658
Mining claims	-	2,500	278,282	280,782
Others	127,160	-	144,213	271,373
Acquisition costs	225,000	123,000	30,000	378,000
Impairment	-	(192,290)	(5,047,958)	(5,240,248)
Recovery	(40,474)	-	-	(40,474)
	\$ 702,916	\$ -	\$ -	\$ 702,916

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Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
(Expressed in Canadian Dollars)
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5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration costs on exploration and evaluation assets, general operating activities and amounts payable for professional fees activities.

	June 30, 2020	September 30, 2019
Accounts payable	\$ 535,031	\$ 525,440
Accrued liabilities	370,619	218,509
Total accounts payable and accrued liabilities	\$ 905,650	\$ 743,949

6. Loan payable

During the nine months ended June 30, 2020, the Company received a loan of \$67,661 from Avalon Investments Holdings Ltd. ("Avalon"). See note 14. The balance of the loan as at June 30, 2020 is \$107,346 (September 30, 2019 - \$39,685). The loan bears no interest and is due on demand.

7. Loans from related parties

(i) On March 31, 2016, the Company received a loan of \$25,000 from Dr. Bernard Sherman (deceased), a shareholder of the Company. The loan bears an annual interest rate of 15% and matured on or before March 31, 2017. As at June 30, 2020, the maturity date of the loan has been extended and \$15,945 (September 30, 2019 - \$13,130) of interest expense had been accrued on the loan.

(ii) On November 22, 2018, the Company entered into a loan arrangement with a company owned by a director of the Company, secured against the Grenfell property. The loan bears an annual interest rate of 15% and matures in April 2020. As at June 30, 2020, the amount due is \$43,947 (September 30, 2019 - \$40,005), which includes \$8,947 (September 30, 2019 - \$5,005) of accrued interest expense. This loan has been extended by the director who owns this loan, to the completion of the RTO.

8. Share capital

(a) Authorized

Unlimited number of common shares without par value

(b) Common shares issued

	Number of common shares	Stated value
Balance, September 30, 2018	105,856,689	\$ 5,924,278
Common shares issued for debt (i)	11,732,720	117,327
Balance, June 30, 2019, September 30, 2019 and June 30, 2020	117,589,409	\$ 6,041,605

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Notes to Condensed Interim Consolidated Financial Statements
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8. Share capital (continued)

(b) Common shares issued (continued)

(i) On October 24, 2018, the Company completed a share for debt transaction (the "Shares for Debt Transaction"). The total amount of debt extinguished pursuant to the Shares for Debt Transaction was \$586,636 for 11,732,720 common shares (the "Common Shares") of the Company. The Common Shares have a deemed fair value of \$117,327, and as a result, the Company recorded a gain on debt settlement of \$469,309. The Common Shares are subject to a four month plus one day hold period.

The directors and/or officers of the Company, being Jason Brewster, Denis Clement, Harvey McKenzie, Jim Franklin, John Sadowski, and Mike Florence, have converted an aggregate amount of \$243,750 into Common Shares.

9. Warrants

	Number of warrants	Fair value
Balance, September 30, 2018 and June 30, 2019	8,358,980	\$ 208,015
Balance, September 30, 2019	808,980	\$ 25,887
Expired (i)	(808,980)	(25,887)
Balance, June 30, 2020	-	\$ -

(i) Value of expired warrants is transferred to the other reserves.

There were no warrants outstanding as at June 30, 2020.

10. Share-based payments

(a) Stock options

	Number of stock options	Weighted average exercise price
Balance, September 30, 2018 and June 30, 2019	2,300,000	\$ 0.05
Balance, September 30, 2019 and June 30, 2020	-	\$ -

There were no stock options outstanding as at June 30, 2020.

(b) Reserves for share-based payments

Reserves for share-based payments include the accumulated fair value of vested options. The reserve for share-based payments records items recognized as share-based payments in the form of stock option grants and vesting of such options until such time that these stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded will stay in the share-based payment reserve.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

11. Loss per share

The calculation of basic and diluted loss per share for the three and nine months ended June 30, 2020 was based on the net loss attributable to common shareholders of \$52,536 and \$233,356, respectively (three and nine months ended June 30, 2019 - \$5,339,150 and \$4,938,578, respectively) and the weighted average number of common shares outstanding of 117,589,409 and 117,589,409, respectively (three and nine months ended June 30, 2019 - 117,589,409 and 116,600,938, respectively). Diluted loss per share did not include the effect of options (three and nine months ended June 30, 2019 - 2,300,000 options) and nil warrants and broker warrants (three and nine months ended June 30, 2019 - 8,358,980 warrants and broker warrants) as they are anti-dilutive.

12. Related party disclosures

Related parties include the Board of Directors, officers, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 - Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The Company entered into the following transactions with related parties:

The President and Chief Executive Officer, Mr. Jason Brewster, ("CEO") of the Company is the President of 2181038 Ontario Inc. ("218 Inc."), and 218 Inc. (and by extension the CEO and President) has a contract with the Company. Fees and outstanding amounts due to 218 Inc. relating to consulting services as expensed and capitalized as exploration and evaluation assets are detailed in the table below. During the nine months period ended June 30, 2020, Mr. Brewster spent all of his time and effort on fund raising efforts and related items for Avalon and was compensated as such by Avalon. As a result, the Company recorded no expense for Mr. Brewster in this period.

One of the directors, Denis Clement, of the Company provides business advisory services from (time to time) and as such is compensated for these services when provided. From the period dated April 1, 2019 to June 30, 2020 and for the future until the completion of the RTO, Mr. Clement has decided to waive all of his director fees and his outstanding receivables from the Company.

The Chief Financial Officer, Mr. Harvey McKenzie, ("CFO") has a service contract and is entitled to fees based on this contract relating to consulting services in the normal course of business. During the three months ended March 31, 2020, Mr. McKenzie has spent most of his time working on the Avalon deal and as such has been compensated by them. As a result, the Company recorded no expense for Mr. McKenzie in this period.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
2181038 Ontario Inc. (Jason Brewster)	\$ -	\$ 24,000	\$ -	\$ 72,000
CFO consulting fees - Harvey McKenzie	-	14,400	14,400	43,200
Directors fees	450	10,000	11,800	30,000
Total related party transactions	\$ 450	\$ 48,400	\$ 26,200	\$ 145,200

Related party payables	As at June 30, 2020	As at September 30, 2019
2181038 Ontario Inc. (Jason Brewster)	\$ 289,900	\$ 289,900
CFO Harvey McKenzie	158,962	144,562
Directors	79,583	67,783
Total Related party payables	\$ 528,445	\$ 502,245

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Notes to Condensed Interim Consolidated Financial Statements
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12. Related party disclosures (continued)

To the knowledge of the directors and senior officers of the Company, as at June 30, 2020, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than the Estate of Dr. Bernard Sherman, a major shareholder who owns 21% of all the issued and outstanding shares of the Company. The remaining 79% of the shares are widely held. These holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly. See note 14.

13. General and administrative and other items

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Salaries and benefits (note 12)	\$ 450	\$ 10,000	\$ 11,800	\$ 30,000
Professional fees	39,693	23,128	140,323	60,501
Consulting fees (note 12)	-	48,800	14,400	125,600
Shareholder and investor relations	-	199	99	1,415
Reporting issuer costs	6,595	6,567	18,579	28,134
Travel	-	-	-	16,437
Administrative expense	5,798	10,480	48,155	52,220
	\$ 52,536	\$ 99,174	\$ 233,356	\$ 314,307

During the nine months ended June 30, 2019, the Company entered into an agreement with Renforth Resources Inc. and Nuinsco Resources Ltd. to form a limited partnership known as Vermillion FX Partnership. Subsequent to the limited partnership formation, the following series of events occurred as impacting the company's non-capital losses:

- The partnership carried on activity and reported partnership income of \$22,353,065, of which \$5,588,238 was allocated to Anconia
- Anconia utilized its non-capital loss carry-forward balances to apply against the partnership income allocation
- Anconia entered into an agreement to dispose its units in the partnership for cash consideration in the amount of \$146,355.

The purpose of the series of transactions was to monetize the Company's non-capital losses. Other income of \$146,355 represents the resulting net cash proceeds from all related transactions.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
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(Unaudited)

14. Proposed transaction

On May 24, 2019, the Company entered into a binding letter of intent ("LOI") with Avalon Investment Holdings Ltd. ("Avalon") in respect of a proposed transaction (the "Transaction"), whereby Anconia has agreed to acquire all of the issued and outstanding securities of Avalon, by way of three-cornered amalgamation, share exchange or such other form of business combination as the parties may determine. The entity that would result from the completion of the Transaction (the "Resulting Issuer"), will continue to carry on base and precious metals exploration and development, focused primarily on the exploration of Avalon's Omai Gold Mine project in Guyana.

The Transaction constitutes a "reverse takeover" of Anconia under the policies of the TSX Venture Exchange (the "Exchange"), and its completion is subject to the approval of the Exchange and certain other conditions as described below. Anconia intends to apply to the Exchange to have the common shares of the Resulting Issuer listed and posted for trading on the Exchange. The Transaction is an arm's length transaction.

Pursuant to the Transaction, Anconia will issue common shares ("Anconia Shares") to the holders of common shares in the capital of Avalon ("Avalon Shares") on the basis of approximately one post-Consolidation (as defined below) Anconia Share for each one Avalon Share. In addition, all securities convertible into Avalon Shares that are outstanding and unexercised immediately prior to closing are expected to be exchanged for economically equivalent and otherwise substantially similar securities convertible into Anconia post-Consolidation Shares.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction, which shall include representations, warranties, conditions and covenants typical for a transaction of this nature; the completion of satisfactory due diligence investigations; Avalon having completed an equity financing for gross proceeds of not less than U.S.\$4.4 million by way of a private placement whereby securities of Avalon will be offered at a price of \$0.10 (USD) per unit, where each unit will consist of one share and one half of one warrant resulting in the issuance of 44 million shares and 22 million warrants if the private placement is fully subscribed; the completion of the Consolidation; the completion of the Transaction on or before September 30, 2019 and the approval of the Exchange and other applicable regulatory authorities.

Upon completion of the Transaction, Anconia intends to change its name to "Omai Gold Mines Corp." or such other name as Avalon and Anconia may otherwise determine, and the parties anticipate that the Exchange will assign a new trading symbol for the Resulting Issuer.

The completion of the Transaction is subject to the prior completion by Anconia of a consolidation of its share capital on the basis of one post-consolidation common share for each 15 pre-consolidation common shares (the "Consolidation").

On October 10, 2019, the Company signed a definitive acquisition agreement with Avalon. The agreement affirms the LOI terms under which Anconia will acquire all of the issued and outstanding securities of Avalon, by means of a three-cornered amalgamation between Anconia, Avalon, and a subsidiary to be incorporated under the Companies Act of Barbados which will be wholly owned by Anconia.

During the nine months ended June 30, 2020, the Board approved a settlement of debt by assigning approximately 49.94% of the book value of the Grenfell property to be used against a settlement of debt. The amount of debt to be settled is approximately \$586,700 for \$350,500 of the book value of the Grenfell property. It is anticipated that this transaction will be completed soon after the Transaction is completed. In addition, the Grenfell property is subject to a mortgage on the property, details are explained in note 7 above.