



OMAI GOLD MINES CORP.
(FORMERLY ANCONIA RESOURCES CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

(EXPRESSED IN UNITED STATES DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)**Condensed Interim Consolidated Statements of Financial Position****(Expressed in United States Dollars)****Unaudited**

| As at | September 30, December 31, | |
|---|-----------------------------------|---------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,443,726 | \$ 3,605,289 |
| Accounts receivable and prepayments (note 4) | 374,963 | 218,459 |
| | 2,818,689 | 3,823,748 |
| Non-current assets | | |
| Equipment (note 5) | 125,233 | 18,500 |
| Mineral properties (note 11) | 3,902,508 | 3,896,722 |
| Total assets | \$ 6,846,430 | \$ 7,738,970 |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables (note 15) | \$ 1,033,536 | \$ 979,616 |
| Loan payable (note 6) | - | 33,644 |
| Current portion of long term liability (note 7) | 538,104 | 492,010 |
| License payable (note 11) | 2,000,000 | 1,828,336 |
| Total liabilities | 3,571,640 | 3,333,606 |
| Shareholders' Equity (Deficit) | | |
| Share capital (note 8) | 17,675,649 | 15,510,470 |
| Share-based payments (note 9) | 1,358,019 | 978,422 |
| Warrants (note 10) | 2,584,984 | 878,600 |
| Deficit | (18,343,862) | (12,962,128) |
| Total shareholders' equity (deficit) | 3,274,790 | 4,405,364 |
| Total shareholders' equity (deficit) and liabilities | \$ 6,846,430 | \$ 7,738,970 |

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

Nature of operations and going concern (note 1)

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in United States Dollars)****Unaudited**

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|--|--|---|---|
| Operating expenses | | | | |
| Exploration and evaluation expenditures (note 15) | \$ 1,282,017 | \$ 1,552,572 | \$ 3,115,445 | \$ 2,738,325 |
| Administrative costs (notes 12 and 15) | 631,573 | 286,139 | 2,041,621 | 1,368,388 |
| Finance costs (note 13) | 77,223 | 70,880 | 224,668 | 285,090 |
| Net loss before other items | (1,990,813) | (1,909,591) | (5,381,734) | (4,391,803) |
| Other items | | | | |
| Gain on modification of license payable (note 11) | - | - | - | 51,287 |
| Net loss and comprehensive loss for the period | \$ (1,990,813) | \$ (1,909,591) | \$ (5,381,734) | \$ (4,340,516) |
| Basic and diluted net loss per share (note 14) | \$ (0.01) | \$ (0.01) | \$ (0.03) | \$ (0.03) |
| Weighted average number of common shares outstanding | 227,122,653 | 182,298,712 | 207,906,953 | 135,827,564 |

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

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in United States Dollars)****Unaudited**

| | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|---|---|
| Operating activities | | |
| Net loss for the period | \$ (5,381,734) | \$ (4,340,516) |
| Adjustments for: | | |
| Share-based payments | 394,597 | 647,000 |
| Accretion | 217,758 | 281,101 |
| Shares issued for exclusivity agreement | - | 600,000 |
| Gain on modification of license payable | - | (51,287) |
| Other | 24,767 | - |
| Changes in non-cash working capital items: | | |
| Accounts receivable and prepayments | (156,504) | (397,272) |
| Trade and other payables | 53,920 | (625,935) |
| Net cash used in operating activities | (4,847,196) | (3,886,909) |
| Investing activities | | |
| Mineral properties | (5,786) | - |
| Purchase of equipment | (129,380) | - |
| Payment of license payable | - | (2,000,000) |
| Net cash used in investing activities | (135,166) | (2,000,000) |
| Financing activities | | |
| Proceeds from sale of shares, net of share issuance costs | 3,836,146 | 11,560,675 |
| Decrease in promissory notes payable | - | (18,295) |
| Decrease in other liabilities | - | (539,443) |
| Repayment of loan payable | (35,764) | - |
| Repayment of long term liability | - | (450,000) |
| Stock options exercised | 20,417 | - |
| Net cash provided by financing activities | 3,820,799 | 10,552,937 |
| Net change in cash and cash equivalents | (1,161,563) | 4,666,028 |
| Cash and cash equivalents, beginning of period | 3,605,289 | 2,908 |
| Cash and cash equivalents, end of period | \$ 2,443,726 | \$ 4,668,936 |
| Supplemental cash flow information | | |
| Shares issued for liability settlement | \$ - | \$ 142,100 |
| Broker warrants | \$ 131,540 | \$ 47,000 |

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

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in United States Dollars)

Unaudited

| | Share capital | Share-based payments | Warrants | Deficit | Total |
|---|----------------------|-------------------------|---------------------|-----------------------|-----------------------|
| Balance, December 31, 2019 | \$ 2,744,460 | \$ 56,000 | \$ 166,000 | \$ (5,332,560) | \$ (2,366,100) |
| Shares issued for liability settlement | 142,100 | - | - | - | 142,100 |
| Units issued for cash | 11,995,023 | - | - | - | 11,995,023 |
| Share issuance costs | (481,348) | - | 47,000 | - | (434,348) |
| Warrant valuation | (665,600) | - | 665,600 | - | - |
| Shares issued pursuant to exclusivity agreement | 600,000 | - | - | - | 600,000 |
| Share-based payments | - | 647,000 | - | - | 647,000 |
| Net loss for the period | - | - | - | (4,340,516) | (4,340,516) |
| Balance, September 30, 2020 | \$ 14,334,635 | \$ 703,000 | \$ 878,600 | \$ (9,673,076) | \$ 6,243,159 |
| Balance, December 31, 2020 | \$ 15,510,470 | \$ 978,422 | \$ 878,600 | \$(12,962,128) | \$ 4,405,364 |
| Units issued for cash | 4,098,051 | - | - | - | 4,098,051 |
| Share issuance costs | (393,445) | - | 131,540 | - | (261,905) |
| Warrant valuation | (1,574,844) | - | 1,574,844 | - | - |
| Stock options exercised | 35,417 | (15,000) | - | - | 20,417 |
| Share-based payments | - | 394,597 | - | - | 394,597 |
| Net loss for the period | - | - | - | (5,381,734) | (5,381,734) |
| Balance, September 30, 2021 | \$ 17,675,649 | \$ 1,358,019 | \$ 2,584,984 | \$(18,343,862) | \$ 3,274,790 |

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

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

1. Nature of operations and going concern

Omai Gold Mines Corp. (formerly Anconia Resources Corp.) ("Omai" 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.

On October 1, 2020, the Company completed a reverse takeover transaction ("RTO") with Avalon Investment Holdings Limited. ("Avalon"), a private Barbados corporation, wherein the Company acquired 100% of the issued and outstanding common shares of Avalon on a one-for-one share basis. While the Company is the legal acquirer, as a result of the former Avalon shareholders holding a majority interest in the Company post-RTO, the accounting acquirer is Avalon and these consolidated financial statements are presented with Avalon as the continuing entity. Concurrent with the RTO, the Company changed its name to Omai Gold Mines Corp. and began trading on the TSX Venture Exchange under the symbol "OMG".

Avalon was incorporated under the Companies Act in Barbados on February 22, 2018 and holds a 100% interest in Avalon Gold Exploration Inc. ("AGE"), a company registered in Guyana. AGE holds a prospecting license to perform mineral exploration in Guyana.

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. To date, the Company has not earned revenue and has an accumulated deficit of \$18,343,862 as at September 30, 2021 (December 31, 2020 - \$12,962,128). As at September 30, 2021, the Company had cash and cash equivalents of \$2,443,726 (December 31, 2020 - \$3,605,289) and negative working capital of \$752,951 (December 31, 2020 - working capital of \$490,142) and has significant liabilities due in 2021. The Company has historically relied on financings to fund its operations and repay its liabilities; while the Company has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing financing and alternative funding options and is minimizing discretionary expenditures where prudent.

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.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

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2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("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 IFRSs issued and outstanding as of November 28, 2021, the date the Board of Directors approved the statements. 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 financial statements as at and for the year ended December 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

Change in functional currency

Omai Gold Mines Corp. (parent) changed its functional currency from United States dollars to Canadian dollars as at June 28, 2021. The change in functional currency from United States dollars to Canadian dollars is accounted for prospectively from June 28, 2021. This change was made as a result of the financing completed in June 2021, causing the Company's primary source of funding to be in Canadian dollars and making the Canadian dollar the currency of the economic environment in which the entity primarily generates cash.

New accounting standards issued but not effective

There were no new accounting standards issued during the period that are significant to the Company.

3. Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no changes in the significant judgments and estimates used during the nine months ended September 30, 2021 as compared to those used to prepare the Company's consolidated financial statements as at and for the year ended December 31, 2020.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

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4. Accounts receivable and prepayments

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Sales tax recoverable and other receivables | \$ 33,389 | \$ 22,251 |
| Prepayments | 341,574 | 196,208 |
| | \$ 374,963 | \$ 218,459 |

There was no provision provided for expected losses as at September 30, 2021 and December 31, 2020.

5. Equipment

| Cost | Equipment | Vehicle | Total |
|-----------------------------|-----------|-----------|------------|
| Balance, December 31, 2019 | \$ - | \$ - | \$ - |
| Additions | - | 20,000 | 20,000 |
| Balance, December 31, 2020 | - | 20,000 | \$ 20,000 |
| Additions | 73,466 | 55,914 | 129,380 |
| Balance, September 30, 2021 | \$ 73,466 | \$ 75,914 | \$ 149,380 |

| Accumulated Depreciation | Equipment | Vehicle | Total |
|-----------------------------|-----------|-----------|-----------|
| Balance, December 31, 2019 | \$ - | \$ - | \$ - |
| Depreciation for the year | - | 1,500 | 1,500 |
| Balance, December 31, 2020 | - | 1,500 | 1,500 |
| Depreciation for the period | 10,097 | 12,550 | 22,647 |
| Balance, September 30, 2021 | \$ 10,097 | \$ 14,050 | \$ 24,147 |

| Carrying Value | Equipment | Vehicle | Total |
|-------------------------------------|-----------|-----------|------------|
| Balance, December 31, 2019 and 2020 | \$ - | \$ 18,500 | \$ 18,500 |
| Balance, September 30, 2021 | \$ 63,369 | \$ 61,864 | \$ 125,233 |

6. Loan payable

As a part of the RTO, the Company assumed a loan payable in the amount of \$31,404 (C\$41,890), which included C\$25,000 of principal amount and C\$16,890 of accrued interest. The loan bore an annual interest rate of 15%. During the nine months ended September 30, 2021, the Company fully repaid the loan, which included accrued interest of \$15,593 (C\$19,325).

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Notes to Condensed Interim Consolidated Financial Statements

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7. Long term liability

The long-term liability is a principal amount of \$2,000,000 owing in respect of a services supply agreement entered into in March 15, 2017, and amended July 1, 2018. The liability is non-interest bearing but accretes interest at an effective interest rate of 12%. The principal amount is payable on December 31, 2021.

During the year ended December 31, 2020, the Company made early repayment totaling \$500,000 of the principal amount. As at September 30, 2021, the principal amount outstanding is \$550,000 (December 31, 2020 - \$550,000).

Accretion expense for the three and nine months ended September 30, 2021 was \$15,826 and \$46,094, respectively (three and nine months ended September 30, 2020 - \$18,002 and \$68,733, respectively).

8. Share capital

(a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Common shares issued

| | Number of common shares | Amount |
|---|-------------------------------|---------------|
| Balance, December 31, 2019 | 77,498,570 | \$ 2,744,460 |
| Shares issued for cash (i)(ii)(iii) | 104,950,229 | 11,995,023 |
| Share issuance cost (ii) | - | (481,348) |
| Shares issued for liability settlement (ii) | 1,421,000 | 142,100 |
| Warrants valuation (ii) | - | (665,600) |
| Shares issued pursuant to exclusivity agreement | 6,000,000 | 600,000 |
| Balance, September 30, 2020 | 189,869,799 | \$ 14,334,635 |
| Balance, December 31, 2020 | 197,708,701 | \$ 15,510,470 |
| Units issued for cash (iv) | 29,411,757 | 4,098,051 |
| Share issuance costs (iv) | - | (393,445) |
| Warrant valuation (iv) | - | (1,574,844) |
| Stock options exercised | 204,169 | 35,417 |
| Balance, September 30, 2021 | 227,324,627 | \$ 17,675,649 |

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

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8. Share capital (continued)

(b) Common shares issued (continued)

(i) On January 10, 2020, the Company entered into an investment agreement (the "Sandstorm Investment Agreement") with Sandstorm Gold Ltd. ("Sandstorm"), whereby Sandstorm agreed to subscribe for 20,000,000 common shares of the Company at a price of \$0.10 per common share and the Company would grant Sandstorm a 1% net smelter returns royalty (the "Royalty") with respect to the sale of all economic marketable material on the Omai Gold Project. As a result, the Company issued 20,000,000 common shares for gross proceeds of \$2,000,000. As of January 10, 2020, there is no estimated timeline as to when the Royalty will be paid, or if the Company is to pay any royalty distributions at all. Due to these uncertainties, management considered the Royalty to have nominal value.

(ii) During January - July 2020, the Company completed non-brokered private placements and issued an aggregate of 54,950,229 units at \$0.10 per unit for aggregate gross proceeds of \$5,495,023. Each unit was comprised of one common share and one-half common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.35 and expires two years from the date of closing. As part of the financing, the Company paid certain eligible finders a cash payment of \$434,848, issued 1,984,466 broker warrants exercisable for common shares at an exercise price of \$0.35 and expiring two years from the date of closing.

The Company also issued an aggregate of 1,421,000 units to settle \$142,100 of liabilities owed by the Company.

The 28,135,614 warrants and 1,984,466 broker warrants issued were assigned values of \$665,600 and \$47,000, respectively, as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.35, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return ranging from 0.29% to 1.65%, and an expected life of 2 years.

(iii) On July 23, 2020, the Company issued 30,000,000 shares at \$0.15 per share for gross proceeds of \$4,500,000.

(iv) On June 28, 2021, the Company completed a non-brokered private placement and issued 29,411,757 units at C\$0.17 per unit for aggregate gross proceeds of \$4,098,051 (C\$4,999,999). Each unit was comprised of one common share and one-half common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of C\$0.23 and expires three years from the date of closing. As a part of the financing, the Company incurred cash share issue costs totaling \$261,905 and issued 1,182,752 broker warrants exercisable for common shares at an exercise price of C\$0.17 and expiring three years from the date of closing.

The 14,705,879 warrants and 1,182,752 broker warrants issued were assigned values of \$1,574,844 and \$131,540, respectively, as estimated by using the Black-Scholes valuation model with the following assumptions: share price of C\$0.17, expected dividend yield of 0%, expected volatility of 151%, risk-free rate of return of 0.63%, and an expected life of 3 years.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

9. Stock options

| | Number of stock options | Weighted average exercise price |
|-----------------------------|----------------------------|---------------------------------------|
| Balance, December 31, 2019 | 1,050,008 | \$ 0.10 |
| Granted (i)(ii)(iii) | 7,691,668 | 0.10 |
| Balance, September 30, 2020 | 8,741,676 | \$ 0.10 |
| Balance, December 31, 2020 | 14,716,676 | \$ 0.13 |
| Granted (iv)(v)(vi) | 3,800,000 | 0.13 |
| Forfeited | (1,641,668) | 0.16 |
| Exercised | (204,169) | 0.10 |
| Balance, September 30, 2021 | 16,670,839 | \$ 0.12 |

(i) On March 12, 2020, the Company issued 5,500,000 stock options to certain consultants of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The stock options vested immediately. The options granted were assigned values of \$407,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.52%, and an expected life of 5 years.

(ii) On April 29, 2020, the Company issued 204,169 stock options to a consultant of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The stock options vested immediately. The options granted were assigned values of \$15,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.41%, and an expected life of 5 years.

(iii) On June 1, 2020, the Company issued 1,987,499 stock options to certain consultants of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The stock options vested immediately. The options granted were assigned values of \$147,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.39%, and an expected life of 5 years.

(iv) On December 3, 2020, the Company issued 5,975,000 stock options to employees, consultants and board members of the Company with an exercise price of C\$0.21 and expiring five years from the date of issuance. The options vest 1/3 on each of December 3, 2020, December 31, 2021 and December 3, 2022. The options granted were assigned values of \$741,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of C\$0.21, share price of C\$0.22, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.46%, and an expected life of 5 years.

(v) On March 18, 2021, the Company issued 1,150,000 stock options to consultants and board members of the Company with an exercise price of C\$0.19 and expiring five years from the date of issuance. The options vest 1/3 on each of March 18, 2021, March 18, 2022 and March 18, 2023. The options granted were assigned values of \$130,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of C\$0.19, share price of C\$0.19, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.01%, and an expected life of 5 years. During the three and nine months ended September 30, 2021, the Company expensed share-based payments of \$1,208 and \$63,062, respectively (three and nine months ended September 30, 2020 - \$nil) due to vesting of the options.

(vi) On July 20, 2021, the Company issued 1,000,000 stock options to an officer of the Company with an exercise price

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Notes to Condensed Interim Consolidated Financial Statements

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9. Stock options (continued)

of C\$0.14 and expiring five years from the date of issuance. The options vest 1/2 on each of July 20, 2021, and July 30, 2022. The options granted were assigned values of \$130,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of C\$0.14, share price of C\$0.14, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.00%, and an expected life of 5 years. During the three and nine months ended September 30, 2021, the Company expensed share-based payments of \$67,792 and \$67,792, respectively (three and nine months ended September 30, 2020 - \$nil) due to vesting of the options.

(vii) On September 3, 2021, the Company issued 1,650,000 stock options to consultants and an officer of the Company with an exercise price of C\$0.13 and expiring five years from the date of issuance. The options vest 1/3 on each of September 3, 2021, September 3, 2022 and September 3, 2023. The options granted were assigned values of \$130,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of C\$0.19, share price of C\$0.19, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.78%, and an expected life of 5 years. During the three and nine months ended September 30, 2021, the Company expensed share-based payments of \$47,142 and \$47,142, respectively (three and nine months ended September 30, 2020 - \$nil) due to vesting of the options.

The following table reflects the stock options issued and outstanding as of September 30, 2021:

| Expiry date | Exercise price (\$) | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable) |
|-------------------|---------------------|---|-------------------------------|--|
| April 29, 2025 | 0.10 | 3.58 | 950,008 | 950,008 |
| April 29, 2025 | 0.10 | 3.58 | 50,000 | 50,000 |
| March 12, 2025 | 0.10 | 3.45 | 5,425,000 | 5,425,000 |
| June 1, 2025 | 0.10 | 3.67 | 1,987,499 | 1,987,499 |
| December 31, 2025 | 0.16 | 4.18 | 4,791,665 | 4,791,665 |
| March 18, 2026 | 0.15 | 4.47 | 816,667 | 383,333 |
| March 19, 2026 | 0.15 | 4.47 | 1,000,000 | 333,333 |
| September 3, 2026 | 0.10 | 4.93 | 1,650,000 | 550,000 |
| | 0.12 | 4.09 | 16,670,839 | 14,470,838 |

10. Warrants

| | Number of warrants | Weighted average exercise price |
|---|--------------------|---------------------------------|
| Balance, December 31, 2019 | 6,807,685 | \$ 0.35 |
| Issued (note 8) | 30,120,080 | 0.35 |
| Balance, September 30, 2020 and December 31, 2020 | 36,927,765 | 0.35 |
| Issued (note 8) | 15,888,631 | 0.18 |
| Balance, September 30, 2021 | 52,816,396 | \$ 0.30 |

During the year ended December 31, 2020, the expiry dates of all issued and outstanding warrants prior to December 31, 2021 were extended to July 3, 2022.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

11. Mineral properties

| | Omai Mines | Kaburi South | Grenfell | Total |
|-----------------------------|---------------|-----------------|------------|--------------|
| Balance, December 31, 2019 | \$ 3,259,624 | \$ 110,000 | \$ - | \$ 3,369,624 |
| Acquisition costs | - | - | 527,098 | 527,098 |
| Balance, December 31, 2020 | 3,259,624 | 110,000 | 527,098 | 3,896,722 |
| Acquisition costs | - | 4,973 | 813 | 5,786 |
| Balance, September 30, 2021 | \$ 3,259,624 | \$ 114,973 | \$ 527,911 | \$ 3,902,508 |

Omai Mines

The Company, through AGE, holds a 100% interest in a prospecting license (the "Prospecting License") in the Potaro Mining District in Guyana, which covers 4,590 acres of licensed area, including the site of the past producing Omai Gold Mine, and provides for an exclusive right of occupation and exploration for gold, precious minerals and precious stones and to use certain existing infrastructure at the Omai Gold Mine for any future mining operations, subject to entering into specific lease agreements therefor.

The Guyana Geology & Mines Commission ("GGMC") granted the Prospecting License to AGE on April 26, 2019. It expires on April 25, 2022 and may be renewed for a further 2 year period. In consideration for being granted the license, AGE agreed to pay the GGMC \$1,000,000 during the first year (paid in 2020, included in trade and other payables as at December 31, 2019), \$1,000,000 during the second year (paid during 2020) and \$2,000,000 on October 1, 2020 in addition to an annual rental fees of approximately \$5,000. The amounts have been recorded as a licensing payable and are non-interest bearing and are being accreted to their principal amounts at an effective interest rate of 12%. The Company granted Sandstorm a 1% net smelter returns royalty with respect to the sale of all economic marketable material on the Omai Gold Project.

In April 2020, the payment date for the \$2,000,000 originally due on October 1, 2020 was extended to October 1, 2021. As a result, the Company recorded a gain on modification of license payable of \$212,907. On August 27, 2021, the payment date for \$1,000,000 of the amount due October 1, 2021 was extended to January 31, 2022. The \$1,000,000 October 1, 2021 payment was made subsequent to September 30, 2021.

| | Amount |
|-----------------------------|--------------|
| Balance, December 31, 2019 | \$ 3,612,794 |
| Payment | (2,000,000) |
| Accretion expense | 266,829 |
| Gain on modification | (51,287) |
| Balance, December 31, 2020 | \$ 1,828,336 |
| Accretion expense | 171,664 |
| Balance, September 30, 2021 | \$ 2,000,000 |

Kaburi South

On December 24, 2018, Avalon entered into an option deed and prospecting agreement (the "Option Agreement") with certain vendors for five (5) prospecting permits owned by the vendors in the Mazruni Mining District No. 3, Guyana. The option period expires on December 23, 2028. Avalon issued an aggregate of 600,000 common shares to the vendors (valued at \$60,000) and paid a further \$50,000 on execution of the Option Agreement. Avalon has the sole right to explore and prospect on the five prospecting permits. Avalon may exercise its rights to acquire one or more of the five prospecting permits at any time during the option period by paying the consideration of \$1.00 per prospecting permit.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

11. Mineral properties (continued)

Grenfell Property

The Company has a 100% ownership interest in the Grenfell Gold property in Kirkland Lake, Ontario that was acquired as a part of the RTO.

12. Administrative expenses

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|-----------------------------|--|--|---|---|
| Share-based payments | \$ 149,017 | \$ - | \$ 394,597 | \$ 647,000 |
| Management fees | 266,890 | 90,000 | 895,385 | 214,000 |
| Legal and professional fees | 72,248 | 63,678 | 354,810 | 196,748 |
| Consultancy fees | - | 30,000 | - | 90,099 |
| General expenses | 6,038 | 65,555 | 79,523 | 124,660 |
| Travel | 12,305 | 7,000 | 14,673 | 27,402 |
| Advertising | 1,144 | 28,886 | 32,972 | 47,415 |
| Investor relations | 33,443 | - | 51,244 | 14,690 |
| Meals and entertainment | - | - | 1,407 | 3,281 |
| Exchange (gain) loss | 59,050 | 1,020 | 98,885 | 3,093 |
| Reporting issuer costs | 25,377 | - | 99,219 | - |
| Insurance | 6,061 | - | 18,906 | - |
| | \$ 631,573 | \$ 286,139 | \$ 2,041,621 | \$ 1,368,388 |

13. Finance costs

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|--|--|--|---|---|
| Accretion (notes 7 and 11) | \$ 75,404 | \$ 70,843 | \$ 217,758 | \$ 281,101 |
| Interest, banking fees and other financing costs | 1,819 | 37 | 6,910 | 3,989 |
| | \$ 77,223 | \$ 70,880 | \$ 224,668 | \$ 285,090 |

14. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2021 was based on the loss attributable to common shareholders of \$1,990,813 and \$5,381,734, respectively (three and nine months ended September 30, 2020 - \$1,909,591 and \$4,340,516, respectively) and the weighted average number of common shares outstanding of 227,122,653 and 207,906,953, respectively (three and nine months ended September 30, 2020 - 182,298,712 and 135,827,564, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operating decisions or by virtue of common ownership. Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 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 (executives and non-executive) of the Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company are:

| Name | Designation |
|------------------|---|
| Renaud Adams | Non-Executive Chairman, Director |
| Elaine Ellingham | Director, Chief Executive Officer ("CEO") |
| Nadine Miller | Director |
| Lon Shaver | Director |
| Denis Clement | Director |
| Mario Stifano | Former President, CEO, and Director (resigned July 20, 2021) |
| Harvey McKenzie | Former Chief Financial Officer ("CFO") and Corporate Secretary (resigned August 16, 2021) |
| John Ross | CFO |
| Jason Brewster | VP Operations |
| Dennis LaPoint | Former VP Exploration |
| Norman McLean | Director at Avalon Gold |
| Michael Smith | Former CEO/Director |
| Robert deCastro | Former Director |
| Kester Da Costa | Former CFO (resigned June 16, 2019) |
| Kris Sammy | Former Chief Operating Officer ("COO") |

On October 1, 2019, the Company entered into a service agreement with Excel Logistics to provide administrative services in Guyana for a period of 3 years. The management fee paid to Excel Logistics includes a \$25,000 monthly fee and 15% markup on the expenses it incurs in the normal course of carrying out the mining exploration activities for the Company and is included in exploration and evaluation expenditures. Excel Logistics is owned by two prior officers of the Company. The Company will not renew this agreement beyond the end of the current term and is exploring an early termination.

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| Director fees and management fees (post-RTO) | \$ 154,233 | \$ - | \$ 530,341 | \$ - |
| Director fees and management fees (pre-RTO) | - | 285,150 | - | 698,150 |
| Share-based compensation | 119,946 | - | 305,198 | 259,000 |
| Management fees paid to Excel Logistics | 71,578 | 75,000 | 351,578 | 234,772 |
| Share-based compensation (Excel Logistics) | - | - | - | 148,000 |
| | 345,757 | 360,150 | 1,187,117 | 1,339,922 |

As at September 30, 2021, the Company owed \$82,381 (December 31, 2020 - \$383,770) to the Company's related parties identified above.

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in United States Dollars)

Unaudited

16. Risk management

Currency fluctuations

Currency fluctuations may affect some of the Company's future operations, financial positions and results. The Company's financial results are reported in United States dollars and the majority of its funds are held in United States dollars accounts. The majority of the Company's costs to date are in United States dollars. However, if the Company expands its activities in Guyana or Canada the Company will have increased exposure to fluctuations in the United States dollar against foreign currencies.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. Where possible the Company utilizes surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Company also utilizes available credit facilities such as loans and other financing options where required.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

When managing capital, which is a broader concept than the 'equity' in the consolidated statement of financial position, the objectives of the Company are:

- To safeguard the Company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

There have been no changes in the Company's capital management when compared to the prior period. During the nine months ended September 30, 2021, Mr. Mario Stifano, CEO, and Mr. Harvey McKenzie, CFO, resigned and were replaced by Ms. Elaine Ellingham and Mr. John Ross.

17. Subsequent events

On November 24, 2021, the Company announced a non-brokered private placement offering for aggregate proceeds of up to CAD\$4,500,000 through the issuance of units of the Company at CAD\$0.11 per unit. Each unit will comprise one common share and one-half of one common share purchased warrant. Each full warrant entitles the holder to acquire one common share at an exercise price of CAD\$0.20 for a period of 24 months from the closing date of the offering.