OMAI GOLD MINES CORP.

(FORMERLY ANCONIA RESOURCES CORP.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, and notes thereto, and other information of Omai Gold Mines Corp. (formerly Anconia Resources Corp.) (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards which are appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Mario Stifano
President and Chief Executive Officer

/s/ Harvey McKenzie
Chief Financial Officer

Toronto, Canada
May 2, 2021

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Building a better working world

Independent auditor's report

To the Shareholders of **Omai Gold Mines Corp.** (formerly Anconia Resources Corp.)

Opinion

We have audited the consolidated financial statements of Omai Gold Mines Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019 and as at January 1, 2019 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficit) and consolidated statements of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at December 31, 2020 and 2019 and January 1, 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group has an accumulated deficit of $12.9 million as at December 31, 2020 and a net loss of $7.6 million for the year then ended. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 24 to the consolidated financial statements, which explains that certain comparative information as at December 31, 2019 and January 1, 2019 and for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Blake Langill.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 2, 2021

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

Consolidated Statements of Financial Position
(Expressed in United States Dollars)

As at	December 31, 2020	December 31, 2019 (Restated - Note 24)	January 1, 2019 (Restated - Note 24)
ASSETS			
Current assets			
Cash and cash equivalents	**$ 3,605,289**	$ 2,908	$ 12,180
Accounts receivable and prepayments (note 6)	**218,459**	89,300	1,300
	3,823,748	92,208	13,480
Non-current assets			
Equipment (note 5)	**18,500**	-	-
Mineral properties (note 14)	**3,896,722**	3,369,624	3,369,624
Total assets	**$ 7,738,970**	$ 3,461,832	$ 3,383,104
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	**$ 979,616**	$ 830,456	$ 212,015
Other liabilities (note 7)	**-**	539,443	1,255,224
Loans payable (note 8)	**33,644**	-	-
Promissory notes payable (note 9)	**-**	18,295	12,000
Current portion of long-term liability (note 10)	**492,010**	-	-
Current portion of license payable (note 14)	**1,828,336**	3,612,794	942,045
Total current liabilities	**3,333,606**	5,000,988	2,421,284
Non-current liabilities			
Long-term liability (note 10)	**-**	826,944	733,871
License payable (note 14)	**-**	-	2,317,579
Total liabilities	**3,333,606**	5,827,932	5,472,734
Shareholders' Equity (Deficit)			
Share capital (note 11)	**15,510,470**	2,744,460	1,699,803
Share-based payments (note 12)	**978,422**	56,000	53,000
Warrants (note 13)	**878,600**	166,000	19,000
Deficit	**(12,962,128)**	(5,332,560)	(3,861,433)
Total shareholders' equity (deficit)	**4,405,364**	(2,366,100)	(2,089,630)
Total shareholders' equity (deficit) and liabilities	**$ 7,738,970**	$ 3,461,832	$ 3,383,104

The accompanying notes are an integral part of these consolidated financial statements.

Nature of operations and going concern (note 1)
Commitments and contingencies (note 22)
Subsequent events (note 23)

Approved on behalf of the Board:

(Signed) "Renaud Adams" Director   (Signed) "Lon Shaver" Director

Omai Gold Mines Corp. (Formerly Anconia Resources Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars, except for shares and per share amounts)

	2020	2019 (Restated - Note 24)
Operating expenses		
Exploration and evaluation expenditures (note 14)	**$ 3,565,888**	$ 363,610
Administrative costs (note 15)	**2,170,578**	660,859
Finance costs (note 16)	**356,144**	446,658
Listing expense (note 4)	**1,506,185**	-
Net loss before other items	**(7,598,795)**	(1,471,127)
Other items		
Loss on liability settlement, net (note 10 and 14)	**30,773**	-
Net loss and comprehensive loss for the year	**$ (7,629,568)**	$ (1,471,127)
Basic and diluted net loss per share (note 17)	**$ (0.05)**	$ (0.02)
Weighted average number of common shares outstanding	**151,142,597**	68,171,969

The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars)

	2020	2019 (Restated - Note 24)
Operating activities		
Net loss for the year	**$ (7,629,568)**	$ (1,471,127)
Adjustments for:		
Share-based payments	**922,422**	3,000
Accretion	**349,835**	446,243
Shares issued for exclusivity agreement	**600,000**	-
Listing expense (note 4)	**1,506,185**	-
Loss on liability settlement, net	**30,773**	-
Other	**7,281**	-
Changes in non-cash working capital items:		
Accounts receivable and prepayments	**(298,808)**	(88,000)
Trade and other payables	**(415,557)**	715,017
Net cash used in operating activities	**(4,927,437)**	(394,867)
Investing activities		
Purchase of equipment	**(20,000)**	-
Cash acquired on RTO (note 4)	**41,028**	-
Payment of license payable	**(2,000,000)**	-
Net cash used in investing activities	**(1,978,972)**	-
Financing activities		
Proceeds from sale of shares, net of share issuance costs	**11,560,675**	379,300
(Decrease) increase in promissory notes payable	**(18,295)**	6,295
Decrease in other liabilities	**(496,111)**	-
Repayment of loan payable	**(37,479)**	-
Repayment of long-term liability	**(500,000)**	-
Net cash provided by financing activities	**10,508,790**	385,595
Net change in cash and cash equivalents	**3,602,381**	(9,272)
Cash and cash equivalents, beginning of year	**2,908**	12,180
Cash and cash equivalents, end of year	**$ 3,605,289**	$ 2,908
Supplemental cash flow information		
Shares issued for liability settlement	**$ 142,100**	$ 812,357
Broker warrants	**$ 47,000**	$ 8,000

The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars)

	Share capital	Share-based payments	Warrants	Deficit	Total
Balance, January 1, 2019 (Restated - note 24)	**$ 1,699,803**	**$ 53,000**	**$ 19,000**	**$ (3,861,433)**	**$ (2,089,630)**
Shares issued for liability settlement	812,357	-	-	-	812,357
Shares issued for cash	404,500	-	-	-	404,500
Share issuance costs	(33,200)	-	8,000	-	(25,200)
Warrant valuation	(139,000)	-	139,000	-	-
Share-based payments	-	3,000	-	-	3,000
Net loss for the year	-	-	-	(1,471,127)	(1,471,127)
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
Shares 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
Shares issued pursuant to RTO closing	1,175,835	-	-	-	1,175,835
Share-based payments	-	922,422	-	-	922,422
Net loss for the year	-	-	-	(7,629,568)	(7,629,568)
Balance, December 31, 2020	**$ 15,510,470**	**$ 978,422**	**$ 878,600**	**$(12,962,128)**	**$ 4,405,364**

The accompanying notes are an integral part of these consolidated financial statements.

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 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 $12,962,128 as at December 31, 2020 (December 31, 2019 - $5,332,560) and had a net loss of $7,629,568 for the year ended December 31, 2020 (December 31, 2019 - $1,471,127). As at December 31, 2020, the Company had cash and cash equivalents of $3,605,289 (December 31, 2019 - $2,908) and working capital of $490,142 (December 31, 2019 - working capital deficit of $4,908,780) 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 indicate that a material uncertainty exists that may cast significant 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 COVID19 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 COVID19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

2. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2020. These consolidated financial statements were approved and authorized for issuance by the Board on May 2, 2021.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 3.

Functional currency translation

These consolidated financial statements have been prepared in United States dollars, which is the Company’s functional and presentation currency and the functional currency of its subsidiaries Avalon and AGE. Reference herein of C$ is to Canadian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. All exchange differences are recorded in the foreign exchange gain or loss in the consolidated statements of comprehensive income (loss) under foreign exchange gain (loss).

Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments that are readily convertible into cash and have a remaining maturity of 90 days or less at the time of acquisition. As at December 31, 2020 and 2019, the Company had no cash equivalents.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, borrowing costs directly associated with the item and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rate:

Vehicle	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed and adjusted if appropriate on an annual basis.

Mineral exploration and evaluation expenditures

The direct costs of acquiring mining properties and licensing rights are capitalized upon acquisition. Exploration and evaluation expenditures are expensed as incurred. Amounts received for the sale of exploration and evaluation assets, for option payments and for exploration advances are netted against the carrying amount of the associated mining property or licensing right and any excess is reflected on the statement of profit and loss. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no obligation for restoration, rehabilitation and environment costs as at December 31, 2020 and 2019.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Loss per share

Loss per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow, if any. The Company follows the "treasury stock" method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash and cash equivalents, which is recorded at FVTPL, and accounts receivable, which is classified and subsequently measured at amortized cost.

The Company's financial liabilities trade and other payables, other liabilities, loan from related party, promissory notes payable, license payable and long-term liability, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.
- Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The following table shows the levels within the hierarchy of financial assets measured at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,605,289	$ -	$ -	$ 3,605,289

The following table shows the levels within the hierarchy of financial assets measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,908	$ -	$ -	$ 2,908

New and amended accounting policies

The Company has adopted the following new and revised IFRS standards and amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions, but their adoption had no impact on the consolidated financial statements of the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Estimates and Errors ("IAS 8")

Effective January 1, 2020, the Company has adopted the amendments in Definition of Material (amendments to IAS 1 and IAS 8). The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and aligns the definition used within the IFRS Standards. The application of the amendments did not have an impact on the Company.

IFRS 3 – Business Combinations ("IFRS 3")

Effective January 1, 2020, the Company has adopted the amendments to IFRS 3 which narrow and clarify the definition of a business and provide for an optional simplified initial assessment of whether an acquired group of assets is a single identifiable group of assets, rather than a business. The application of the amendment has been made on a prospective basis and has not had an impact on the Company.

New accounting standards issued but not effective

IAS 16 - Property, Plant and Equipment ("IAS 16")

The IASB issued an amendment to IAS 16 to prohibit the deduction from property, plant and equipment of amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 3 – Business Combinations ("IFRS 3")

The IASB has issued an amendment to IFRS 3 adding an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. This exception specifies that for some assets and liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendment is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 9 – Financial Instruments ("IFRS 9")

The IASB has issued an amendment to IFRS 9 clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IAS 1 – Presentation of Financial Statements ("IAS 1")

The IASB has issued an amendment to IAS 1 providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

3. Significant accounting judgments and estimates

The preparation of these 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 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.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- The Company recognizes the cost of share-based awards granted to employees, non-employees and directors based on the estimated grant-date fair value of the awards. The Company determines the fair value of stock options and warrants using the Black-Scholes option pricing model, which is impacted by the following assumptions:

  - Fair Value of Common Stock on the Date of the Grant — The Company uses the price of the most recent private placements to assess the value of its shares on the date of the grant.
  - Expected Volatility — As the Company’s shares do not have a sufficiently long trading history, the volatility is based on a benchmark of comparable companies within the mining industry.

  Changes in these assumptions used to determine the fair value of the stock options could have a material impact on the Company’s loss and comprehensive loss.

  The Company determines the fair value of common shares issued for services based on the most recent private placements.

- The determination of the interest rate used in the calculation of the long-term liability and license payable’s discounted value requires judgment. The interest rate is management’s best estimate of the cost of borrowing based on comparable entities and historical data.

(Expressed in United States Dollars, except for shares and per share amounts)

Critical accounting judgments:

- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the Guyana properties; and

- management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period; and

- management determination on whether the RTO is an asset acquisition or business combination

4. Reverse take-over

On October 1, 2020, the Company acquired all the issued and outstanding shares of Avalon (see note 1). The acquisition constitutes an asset acquisition as the Company did not meet the definition of a business, as defined in IFRS 3 - Business Combinations. As a result, the RTO is accounted for as a capital transaction with a listing expense recorded as the excess of the fair value of the equity consideration over the net assets acquired.

Fair value of net assets acquired		
Cash and cash equivalents	$	**41,028**
Accounts receivable and prepayments		**10,937**
Trade and other payables		**(663,485)**
Mineral properties		**527,098**
Loans payable (note 8)		**(65,342)**
Listing expense		**1,506,185**
Total	**$**	**1,356,421**

Consideration given		
7,838,902 common shares	**$**	**1,175,835**
Cash advanced to Anconia pre-RTO		**180,586**
	$	**1,356,421**

(Expressed in United States Dollars, except for shares and per share amounts)

5. Equipment

Cost		**Equipment**
Balance, December 31, 2018 and 2019	$	-
Additions		20,000
Balance, December 31, 2020	$	20,000

Accumulated Depreciation		**Equipment**
Balance, December 31, 2018 and 2019	$	-
Depreciation for the year		1,500
Balance, December 31, 2020	$	1,500

Carrying Value		**Equipment**
Balance, December 31, 2018 and 2019	$	-
Balance, December 31, 2020	$	18,500

6. Accounts receivable and prepayments

		December 31, 2020		**December 31, 2019**
Sales tax recoverable and other receivables	**$**	**22,251**	$	36,700
Prepayments		**196,208**		52,600
	$	**218,459**	$	89,300

There was no provision provided for expected losses as at December 31, 2020 and December 31, 2019.

7. Other liabilities

During the year ended December 31, 2020, the Company repaid the remaining balance of $539,443 (year ended December 31, 2019 - $715,781). As at December 31, 2020, the balance of the other liabilities was $nil (December 31, 2019 - $539,443).

8. Loans payable

(i) 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 bears an annual interest rate of 15%. As at December 31, 2020, the balance of the loan is $33,644, which includes accrued interest of $14,008 (C$17,836).

(ii) As a part of the RTO, the Company assumed a loan payable in the amount of $33,938 (C$45,270), which included C$35,000 of principal amount and C$10,270 of accrued interest. The loan bore an annual interest rate of 15%. During the year ended December 31, 2020, the Company repaid the full amount of the loan of $37,479 (C$47,903), which included $10,134 (C$12,903) of accrued interest.

(Expressed in United States Dollars, except for shares and per share amounts)

9. Promissory notes payable

During the year ended December 31, 2018, the Company issued a promissory note of $12,000 to a third party. The promissory note bears no interest and was due on April 30, 2019.

During the year ended December 31, 2019, the Company issued an additional promissory note of $6,295 to a third party.

During the year ended December 31, 2020, the promissory notes were fully repaid.

10. 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 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 which resulted in a settlement loss of $82,060. As at December 31, 2020, the principal amount outstanding is $550,000 (December 31, 2019 - $1,050,000).

Accretion expense for the year ended December 31, 2020 was $83,006 (year ended December 31, 2019 - $93,073).

11. 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, 2018	65,330,000	$ 1,699,803
Shares issued for cash (i)	4,045,000	404,500
Share issuance cost (i)	-	(33,200)
Shares issued for liability settlement (i)(ii)	8,123,570	812,357
Warrants valuation (i)(ii)	-	(139,000)
Balance, December 31, 2019	77,498,570	$ 2,744,460
Shares issued for cash (iii)(iv)(v)	104,950,229	11,995,023
Share issuance costs (iv)	-	(481,348)
Warrant valuation (iv)	-	(665,600)
Shares issued for debt settlement (iv)	1,421,000	142,100
Shares issued pursuant to exclusivity agreement (note 19)	6,000,000	600,000
Shares issued on RTO closing (note 4)	7,838,902	1,175,835
Balance, December 31, 2020	197,708,701	$ 15,510,470

(i) During the year ended December 31, 2019, the Company completed non-brokered private placements and issued an aggregate of 4,045,000 units at $0.10 per unit for aggregate gross proceeds of $404,500. 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 cash finders' fees totaling $25,200, issued 136,000 broker warrants exercisable for common shares at an exercise price of $0.35 and expiring two years from the date of closing, and issued 116,000 broker warrants exercisable for common shares at an exercise price of $0.35 and expiring on May 1, 2022.

The Company also issued an aggregate of 7,523,570 units to settle $752,357 of liabilities owed by the Company.

The 5,784,285 warrants and 252,000 broker warrants issued were assigned values of $139,000 and $8,000, 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 1.36% to 1.79%, and an expected life ranging from 2 to 3 years.

(ii) During the year ended December 31, 2019, the Company issued 600,000 shares as partial consideration for a property option agreement (see note 14).

(iii) 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.

(iv) 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.

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

(Expressed in United States Dollars, except for shares and per share amounts)

12. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018	1,000,008	$ 0.10
Granted (i)	50,000	0.10
Balance, December 31, 2019	1,050,008	$ 0.10
Granted (ii)(iii)(iv)(v)	13,666,668	0.13
Balance, December 31, 2020	14,716,676	$ 0.13

(i) On September 5, 2019, the Company issued 50,000 stock options to a consultant of the Company with an exercise price of $0.10 and expiring two years from the date of issuance. The stock options vested immediately. The options granted were assigned values of $3,000 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 1.45%, and an expected life of 2 years.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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. During the year ended December 31, 2020, the Company expensed $275,422 of share-based payments (year ended December 31, 2019 - $nil) due to vesting of the options.

(Expressed in United States Dollars, except for shares and per share amounts)

The following table reflects the stock options issued and outstanding as of December 31, 2020:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 29, 2025 (vi)	0.10	4.33	1,000,008	1,000,008
April 29, 2025 (vii)	0.10	4.33	50,000	50,000
March 12, 2025	0.10	4.20	5,500,000	5,500,000
April 29, 2025	0.10	4.33	204,169	204,169
June 1, 2025	0.10	4.42	1,987,499	1,987,499
December 31, 2025	0.16	4.93	5,975,000	1,991,667
	0.13	4.53	14,716,676	10,733,343

(vi) On April 29, 2020, the Company extended the expiry date of the 1,000,008 options from June 1, 2020 to April 29, 2025. As a result of this modification, the Company recognized $74,000 of share-based payments expense 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.

(vii) On April 29, 2020, the Company extended the expiry date of the 50,000 options from September 5, 2021 to April 29, 2025. As a result of this modification, the Company recognized $4,000 of share-based payments expense 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.

13. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2018	771,400	$ 0.35
Issued (note 11)	6,036,285	0.35
Balance, December 31, 2019	6,807,685	$ 0.35
Issued (note 11)	30,120,080	0.35
Balance, December 31, 2020	36,927,765	$ 0.35

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

(Expressed in United States Dollars, except for shares and per share amounts)

14. Mineral properties

	Omai Mines	Kaburi South	Grenfell	Total
Balance, December 31, 2018 and 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

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 two-year period. In consideration for being granted the license, AGE agreed to pay the GGMC $1.0 million during the first year (paid in 2020, included in trade and other payables as at December 31, 2019), $1.0 million during the second year (paid during 2020) and $2.0 million during the third year. The amounts have been recorded as a licensing payable and are noninterest 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 of which the Company has the option to purchase back 0.5% net smelter return royalty for $4.0 million if the option is exercised by July 10, 2022. In addition, the Company pays annual license rental fees of approximately $5,000.

In April 2020, the payment date for the $2.0 million was extended to October 1, 2021. As a result, the Company recorded a gain on liability settlement of $51,287 (year ended December 31, 2019 - $nil), which has been netted against loss on liability settlement on the consolidated statement of loss and comprehensive loss.

During 2020, the Company recorded $2,964,388 (year ended December 31, 2019 - $359,810) exploration and evaluation expenditures relating to the Omai Mines property in its Consolidated Statements of Loss and Comprehensive Loss.

	Amount
Balance, December 31, 2018	$ 3,259,624
Accretion expense	353,170
Balance, December 31, 2019	$ 3,612,794
Payment	(2,000,000)
Accretion expense	266,829
Gain on liability settlement	(51,287)
Balance, December 31, 2020	$ 1,828,336

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 Mazaruni 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.

(Expressed in United States Dollars, except for shares and per share amounts)

During 2020, the Company recorded $nil (year ended December 31, 2019 - $3,800) exploration and evaluation expenditures relating to the Omai Mines property in its Consolidated Statements of Loss and Comprehensive Loss.

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 (see note 4). The previous owner retains a 2% net smelter return royalty ("NSR") in the Property; 1% of the NSR can be purchased by the Company for a period of up to 2 years after achieving commercial production for the sum of $1.0 million.

15. Administrative expenses

		2020		2019
Share-based payments	**$**	**922,422**	$	3,000
Management fees		**340,520**		469,000
Legal and professional fees		**381,185**		40,108
Consultancy fees		**90,099**		-
General expenses		**175,120**		48,850
Travel		**33,740**		26,078
Advertising		**96,629**		25,656
Investor relations		**44,231**		18,080
Meals and entertainment		**5,757**		30,087
Exchange loss		**41,521**		-
Reporting issuer costs		**34,729**		-
Insurance		**4,625**		-
	$	**2,170,578**	$	660,859

16. Finance costs

		2020		2019
Accretion (notes 10 and 14)	**$**	**349,835**	$	446,243
Interest, banking fees and other financing costs		**6,309**		415
	$	**356,144**	$	446,658

17. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of $7,629,568 (year ended December 31, 2019 - $1,471,127) and the weighted average number of common shares outstanding of 151,142,597 (year ended December 31, 2019 - 68,171,969). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

(Expressed in United States Dollars, except for shares and per share amounts)

18. Related party transactions (note 24)

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.

(a) 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
Nadine Miller	Director
Lon Shaver	Director
Denis Clement	Director
Mario Stifano	President, Chief Executive Officer ("CEO"), and Director
Harvey McKenzie	Chief Financial Officer ("CFO") and Corporate Secretary
Jason Brewster	VP Operations
Denis LaPoint	VP Exploration
Norman McLean	Director at Avalon Gold Exploration (100% owned subsidiary)
Michael Smith	Former CEO/Director (resigned on October 1, 2020)
Robert deCastro	Former Director (resigned on October 1, 2020)
Kester Da Costa	Former CFO (resigned June 14, 2019)
Kris Sammy	Former Chief Operating Officer (“COO”) (resigned on May 8, 2020)

(b) The following are the companies that the Company has related party relationships with as a result of the key management personnel and with which the Company has had related party transactions with during the years ended December 31, 2020 and 2019:

Name	Relationship to the Company
Compass Investment (TC) Ltd.	The Former COO is the President of this company
Guyana Sunrise Mining	The Former COO is a Director of this company
4739 Holdings Ltd.	The Former CEO/Director is a Former Director of this company
Dynamic Equity Fund II Limited	The Owner of 4739 Holdings Ltd.
Smith Holdings LLC	Owned by the Former CEO
Smith & Alfonso, Inc.	Owned by the Former CEO
Midland Trust Company	Former CEO is a trustee
Darscom	The Owner is deemed to be related to Denis Clement
Appalachian Resources LLC	The VP Exploration is the Owner of this company
Capital Acceleration Fund Limited	Wholly owned by 4739 Holdings Ltd.
Hamrajee Maraj	Director of 4739 Holdings Ltd., Owner and Director of Dynamic Equity Fund II and Capital Acceleration Fund Limited
Excel Logistics & Management Services Ltd. (“Excel Logistics”)	The Former CEO/Director and COO are controlling partners

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 mining exploration activities for the Company. The Company will not renew this agreement beyond the end of the current term.

	2020	2019
Director fees and management fees (post-RTO)	**$ 201,000**	$ -
Director fees and management fees (pre-RTO)	**1,188,480**	604,975
Share-based compensation	**751,965**	-
Management fees paid to Excel Logistics	**481,510**	75,000
Share-based compensation (Excel Logistics)	**148,000**	-
	$ **2,770,955**	$ 679,975

As at December 31, 2020, the Company owed $296,741 (December 31, 2019 - $691,669) to the Company's key management personnel or related companies identified above.

During the year ended December 31, 2020, a total of 13,387,499 (year ended December 31, 2019 - nil) stock options were granted to the key management personnel or companies of the Company identified above.

19. Proposed transaction

On July 13, 2020, the Company entered into an exclusivity agreement with Guyana Sunrise Mining Inc., whereby the Company retains the exclusive right to investigate the property located adjacent to the Omai Gold Mine with a view to potentially acquiring the property in the future (the "Exclusivity Agreement"). Pursuant to the terms of the Exclusivity Agreement, the Company issued 6,000,000 common shares valued at $600,000. The Exclusivity Agreement was to expire December 31, 2020. Subsequent to December 31, 2020, the Company renegotiated the terms to acquire the property and is awaiting regulatory approval.

20. 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.

The table below summarizes the maturity profile of the Company’s financial liabilities based on contractual payments.

December 31, 2020	Up to 1 year	1 to 5 years	>5 years	Total
Trade and other payables	$ 979,616	$ -	$ -	$ 979,616
Loans from related parties	33,644	-	-	33,644
Other liabilities	550,000	-	-	550,000
License payable	2,000,000	-	-	2,000,000
	$ 3,563,260	$ -	$ -	$ 3,563,260

(Expressed in United States Dollars, except for shares and per share amounts)

December 31, 2019	Up to 1 year	1 to 5 years	>5 years	Total
Trade and other payables	$ 830,456	$ -	$ -	$ 830,456
Other liabilities	-	539,443	-	539,443
Promissory notes payable	18,295	-	-	18,295
Other liabilities	-	1,050,000	-	1,050,000
License payable	4,000,000	-	-	4,000,000
	$ 4,848,751	$ 1,589,443	$ -	$ 6,438,194

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.

21. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.5% (2019 - 26.5%) to the net loss. The reasons for the differences are a result of the following:

	2020	2019
Net loss before income tax	**$ (7,629,568)**	$ (1,471,127)
Statutory tax rate	**26.5%**	26.5%
Expected tax recovery at statutory rates	**2,021,836**	389,849
Tax effects of:		
Change in unrecognized deductible temporary differences	**(2,021,836)**	(389,849)
Actual income tax expense	**$ -**	$ -

Beginning in 2019, the statutory tax rate in Guyana has been reduced from 27.5% to 25.0%.

The Company has not recognized a deferred tax asset in respect of the following deductible income tax temporary differences:

	2020	2019
Expected tax recovery at statutory rates	**$ 3,717,808**	$ 7,984
Exploration and evaluation	**555,107**	-
	$ 4,272,915	$ 7,984

The Canadian non-capital losses were incurred between 2006 and 2020 and expire between 2026 and 2040. The operating losses in Guyana have no expiry date.

(Expressed in United States Dollars, except for shares and per share amounts)

22. Commitments and contingencies

	Total	2021	2022	2023	There-after
Operating purchase commitments (Excel Logistics)	$525,000	$300,000	$225,000	-	-

In addition to the amounts included in the table above, subsequent to the year end, the Company entered into the following commitments:

a) In January 2021, the Company entered into an equipment lease agreement with a vendor in Guyana to lease one excavator with one qualified operator for one year at a cost of approximately $14,300 each month. The lessor is responsible for all machine maintenance and repair costs, as well as getting the equipment to and from the Company's site and whereas the Company will provide all fuel.

b) In January 2021, the Company entered into a drilling service agreement with a service provider in Guyana for a minimum drill program of 5,000 meters at a variable cost per meter drilled and to be recognized as a preferred vendor for a long-term drill program through December 31, 2022.

23. Subsequent events

On March 18, 2021, the Company granted its board members and consultants an aggregate of 1,150,000 stock options. The stock options are exercisable at C$0.19 per share and will vest 1/3 on each of March 18, 2021, March 18, 2022 and March 18, 2023. The stock options expire on March 18, 2026.

(Expressed in United States Dollars, except for shares and per share amounts)

24. Restatement

(a) Change in accounting policy

During the year ended December 31, 2020, the Company changed its accounting policy for exploration and evaluation expenditures to expense them as incurred. Management considered that this change in accounting policy will result in clearer, more relevant and reliable financial information by reducing financial reporting complexity. Under the previous accounting policy, exploration and evaluation expenditures were capitalized.

(b) Prior period adjustments

In the process of preparing the Company's consolidated financial statements for the year ended December 31, 2020, management determined that certain transactions in the prior periods had not been recorded properly:

- The legally binding deed that the Company signed with the Guyana Geology and Mines Commission ("GGMC") in December 2018 in respect of the Omai prospecting license (see note 14) was previously accounted for based on recognizing a liability on the payment due dates instead of based on the obligation date. Based on an analysis of IAS 37, management concluded this was a present obligation when the deed was executed based on its contractual terms. This resulted in an adjustment to reflect the present value of the $4.0 million liability of $3.3 million as at January 1, 2019 with the recognition of an exploration and evaluation asset. As a result, the Company made an adjustment to record the related interest expense using the effective interest rate method. On each consolidated statement of financial position the liability was split between its current and long term portions.

- There were several contracts (primarily with related parties) that were entered into by the Company shortly after its incorporation in 2018 that outlined compensation for services previously provided and for which the compensation would be in the form of shares in the Company. In addition, the Company issued shares as settlement of liabilities (primarily with related parties). Management determined that the value of the shares was overstated and reduced the amount credited to share capital by $2.4 million with the offsetting entry to accumulated deficit on the consolidated statement of financial position as at January 1, 2019.

- There were a small number of other immaterial adjustments made by the Company.

(c) Related Party Disclosures

In addition to the matters noted in item (b), it was determined that there were additional related party transactions in the prior year financial statements that had not been disclosed. The comparative disclosures in note 18 have been revised accordingly.

The impact on the comparative financial statements resulting from the change in accounting policy and due to the prior period adjustments are as follows:

Consolidated Statements of Financial Position

As at January 1, 2019	**As previously reported**	**Change in policy**	**Prior period adjustments**	**As restated**
Mining properties	$ 4,603,450	$ (4,493,450)	$ 3,259,624	$ 3,369,624
Trade and other payables	211,713	-	302	212,015
Current portion of license payable	-	-	942,045	942,045
License payable	-	-	2,317,579	2,317,579
Share capital	4,068,410	-	(2,368,607)	1,699,803
Deficit	$ (1,736,288)	$ (4,493,450)	$ 2,368,305	$ (3,861,433)

(Expressed in United States Dollars, except for shares and per share amounts)

As at December 31, 2019	**As previously reported**	**Change in policy**	**Prior period adjustments**	**As restated**
Accounts receivable and prepayment	$ 39,300	$ -	$ 50,000	$ 89,300
Mining properties	5,942,362	(4,832,060)	2,259,322	3,369,624
Trade and other payables	1,699,456	-	(869,000)	830,456
Current portion of license payable	-	-	3,612,794	3,612,794
Share capital	5,105,067	-	(2,360,607)	2,744,460
Deficit	$ (2,426,635)	$ (4,832,060)	$ 1,926,135	$ (5,332,560)

Consolidated Statements of Loss and Comprehensive Loss

Year Ended December 31, 2019	**As previously reported**	**Change in policy**	**Prior period adjustments**	**As restated**
Exploration and evaluation expenditures	$ -	$ 338,610	$ 25,000	$ 363,610
Administrative costs	689,932	-	(29,073)	660,859
Finance costs	415	-	446,243	446,658
Net loss and comprehensive loss for the year	$ (690,347)	$ (338,610)	$ (442,170)	$ (1,471,127)
Basic and diluted net loss per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.02)

Consolidated Statement of Cash Flows

Year Ended December 31, 2019	**As previously reported**	**Change in policy**	**Prior period adjustments**	**As restated**
Net loss for the year	$ (690,347)	$ (338,610)	$ (442,170)	$ (1,471,127)
Adjustments for:				
Accretion	93,073	-	353,170	446,243
Changes in non-cash working capital items:				
Accounts receivable and prepayments	(38,000)	-	(50,000)	(88,000)
Trade and other payables	1,487,743	-	(772,726)	715,017
Net cash provided by (used in) operating activities	855,469	(338,610)	(911,726)	(394,867)
Additions to mineral properties	(1,338,912)	338,912	1,000,000	-
Net cash used in investing activities	(1,338,912)	338,912	1,000,000	-
Proceeds from sale of shares, net of share issuance costs	1,183,657	-	(804,357)	379,300
Decrease in other liabilities	(715,781)	-	715,781	-
Net cash provided by financing activities	$ 474,171	$ -	$ (88,576)	$ 385,595

(Expressed in United States Dollars, except for shares and per share amounts)

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

	As previously reported	Change in policy	Prior period adjustments	As restated
Share capital, January 1, 2019	$ 4,068,410	$ -	$ (2,368,607)	$ 1,699,803
Shareholders' equity (deficit), January 1, 2019	2,404,122	(4,493,450)	(302)	(2,089,630)
Shares issued for liability settlement for the year ended December 31, 2019	60,000	-	752,357	812,357
Shares issued for cash for the year ended December 31, 2019	1,156,857	-	(752,357)	404,500
Total share issuance cost for the year ended December 31, 2019	(33,200)	-	8,000	(25,200)
Share capital, December 31, 2019	5,105,067	-	(2,360,607)	2,744,460
Net loss for the year ended December 31, 2019	(690,347)	(338,610)	(442,170)	(1,471,127)
Shareholders' equity (deficit), December 31, 2019	$ 2,900,432	$ (4,832,060)	$ (434,472)	$ (2,366,100)