

MAWSON GOLD LIMITED

(formerly Mawson Resources Limited)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2020

Background

This discussion and analysis of financial position and results of operations is prepared as at September 22, 2020, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended May 31, 2020 and 2019 of Mawson Gold Limited (*formerly Mawson Resources Limited*) ("Mawson" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, capital and other costs varying significantly from estimates, changes in world metal markets, changes in equity markets, planned drill programs and results varying from expectations, delays in obtaining results, equipment failure, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, Annual Information Form, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website at www.mawsonresources.com and readers are urged to review these materials, including the technical report filed with respect to the Company's mineral properties.

COVID-19

On March 11, 2020 the World Health Organization ("WHO") declared the global outbreak of a novel coronavirus, identified as "COVID-19", a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented COVID-safe plans as recommended by the Finnish and Australian governments. The Company is operating under this plans and procedures, drilling and running geophysical surveys in Finland and Australia. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Company Overview

The Company was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). On July 31, 2020 the Company changed its name from Mawson Resources Limited to Mawson Gold Limited to better reflect the Company's core business. The name change did not involve a change in share structure and the Company's trading symbol remained the same. The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "MAW", on the Frankfurt Open Market under the trading symbol "MXR" and on the OTC Pink under the symbol "MWSNF.PK".

Mawson is an exploration and development company with precious metal interests primarily in Finland and Victoria, Australia. The Company is managed by resource industry professionals with significant exploration and capital market expertise.

Exploration Projects

Finland

Mawson's flagship is the Rajapalot gold-cobalt project in Finland, host to the Company's National Instrument 43-101 Inferred Mineral Resource (the "NI 43-101 Technical Report") published on September 14, 2020 for the Raja, Palokas and Rumajärvi prospects. The resource estimation was completed by Rodney Webster of AMC Consultants Pty Ltd ("AMC") of Melbourne, Australia, and Dr. Kurt Simon Forrester of Arn Perspective of Surrey, England. Each of Mr. Webster and Dr. Forrester are independent "qualified persons" as defined by National Instrument 43-101. The NI 43-101 Technical Report is entitled "Rajapalot Property Mineral Resource Estimate NI 43-101 Technical Report" and dated September 14, 2020. The NI 43-101 Technical Report may be found on the Company's website at www.mawsonresources.com or under the Company's profile on SEDAR at www.sedar.com. Readers are encouraged to read the entire NI 43-101 Technical Report.

The 100% Rajapalot gold-cobalt exploration project is located south of the Arctic Circle in Finnish Lapland where the Company made a significant greenfield discovery and in September 2020 published an updated Inferred Mineral Resource which doubled the earlier maiden resource published in December 2018.

A majority of the resource upgrade came from the 14 kilometre drill program completed earlier this year, after Mawson's geological team solved the geological model and the structural association of gold within electromagnetic conductors. This makes for an effective and approximate US \$10/oz discovery cost for the 2020 drill program and augers well for future growth. The robustness of the estimation can be demonstrated by the margin between lower cut-off (0.3 g/t AuEq) and the head grade of the resource, especially within the open pit constrained area (2.4 g/t AuEq). Mawson is fully funded and permitted to expand and infill the Mineral Resource, in order to continue to build critical scale with 20 kilometres of drilling planned to commence in December. In summary:

- An open pit and underground constrained Inferred Mineral Resource was estimated at 9.0 million tonnes @ 2.1 g/t gold ("Au"), 570 ppm cobalt ("Co"), which equates to 2.5 g/t gold equivalent ("AuEq") for 600,000 ounces ("oz") Au or 716,000 oz AuEq. The AuEq value was calculated using the following formula: $AuEq\ g/t = Au\ g/t + (Co\ ppm/1430)$ and using a gold price of US \$1,694 per ounce and a cobalt price of US \$17.28/lb. Mineral Resources are stated at a 0.3 g/t AuEq open pit cut-off and 1.1 g/t AuEq underground cut-off (Table 1) from three resource areas: Raja, "Palokas" (incorporating both and Palokas and South Palokas) and Rumajärvi ;
 - The updated Mineral Resource doubles the tonnes with a similar grade from the previous inferred Mineral Resource estimation of December 2018 which was 4.3 million tonnes at 2.3 g/t Au, 430 ppm Co;
- A total of 72% of the resource falls within a Whittle™ optimized pit outline or 6.7 million tonnes @ 2.1 g/t Au, 499 ppm Co, 2.4 g/t AuEq for 512,000 oz AuEq at 0.3 g/t AuEq cut-off at a gold price of US \$1,694 per ounce and a cobalt price of US\$17.28/lb of the constrained resource;

- Of significance is the recognition of high-grade trends within the down-dip envelopes at the Raja and Palokas prospects;
 - These high-grade trends are inferred to develop at the lines of intersection between reactive host rocks and steeply to vertically dipping, fracture-controlled hydrothermal alteration (Table 2 demonstrates sensitivity to cut-off grades);
- A 20 kilometre drill program with 5 drill rigs is planned from mid to late December 2020 with the aim to immediately expand the Mineral Resource;

The 100% owned gold-cobalt Rajapalot discovery hosts numerous hydrothermal gold-cobalt prospects drilled between 2013 and April 2020 within a 3 by 4 kilometre area.

At the completion of the 2020 winter drill program, a total of 63,424 metres has been drilled at Rajapalot with the average depth now 136 metres. The average drilling depth for the 2019-2020 winter season was 390 metres. A total of 213 holes for 47,427.4 metres and an average depth of 225.0 metres were used the upgraded September 2020 resource estimation. Whereas a total of 119 holes for 15,167.7 metres with an average depth of 127.5 metres were used within the December 2018 maiden resource estimation.

Growth potential remains strong with the upgraded resource areas open laterally and down dip. Direct targeting of mineralization is aided by both:

- (i) a strong correlation of the resource block model wireframe and electromagnetic conductors that provide a large upside footprint for increasing the resources in future drill campaigns, and;
- (ii) recognition of late, that is, post-folding, structural controls of high-grade gold and cobalt within the conductors.

The resource at Rajapalot is broadly stratabound. The controls on high grade gold-cobalt mineralization at Rajapalot are linear, or sub-linear near-vertical structures (faults and veins) that generally lie oblique to the long axis of the conductive down-plunge host rock envelope. These high-grade trends are inferred to develop at the lines of intersection between reactive host rocks and steeply dipping to vertical, fracture-controlled hydrothermal alteration. The long axes of the variogram and resultant search ellipsoids match these trends at Raja and Palokas prospects. Grade thickness variations occur, and the best intersections to date are those where thick sulphide accumulations occur in fold hinges and brecciated rocks. Most of the mineralization at Rajapalot consists of sulphide (pyrrhotite>>pyrite), magnetite, biotite, muscovite and chlorite hydrothermal mineral assemblages hosted in predominately muscovite-biotite schists, altered cordierite-anthophyllite rocks and grey albitites. Variations in gold-cobalt mineralization style occur, from an end member of sulphidic, potassic iron-rich rocks (K-Fe type, for example at Raja prospect) through to iron and magnesium-rich (Fe-Mg type) hydrothermally altered rocks such as those at Palokas.

Preliminary metallurgical testing on drill core from the Rajapalot prospect demonstrate excellent gold extraction results of between 95% and 99% (average 97%) by a combination of gravity separation and conventional cyanidation and or/flotation. Metallurgical test work indicates gold recovery and processing are potentially amenable to conventional industry standards with a viable flowsheet which could include crushing and grinding, gravity recovery, and cyanide leaching with gold recovery via a carbon-in-pulp circuit for production of onsite gold doré. Initial indications suggest the cobalt minerals present (cobaltite and cobalt pentlandite) can float or be separated by magnetic separation methods. Further metallurgical test work is currently underway, with Mawson a participant of Finland's BATCircle consortium, a program designed to value-add to the Finnish battery metals circular economy. BATCircle was founded under the leadership of Aalto University to coordinate research on the battery metal circular economy from exploration to recycling. BATCircle includes 22 companies, four universities, two research institutes and two cities.

The Raja gold-cobalt resource forms 46% of the Mineral Resource and extends 240 metres parallel to strike, 950 metres down plunge reaching a vertical depth of 560 metres. Gold-cobalt mineralization is a potassic-iron type characterized by muscovite-biotite-chlorite quartz pyrrhotite-rich schist with subordinate albite, iron-magnesium amphiboles and tourmaline which is best developed to date at the Raja prospect. Gold and cobaltite along with scheelite, pyrite, chalcopyrite and bismuth tellurides accompany the silicates.

The Palokas gold-cobalt resource extends over two close, but separate locations (Palokas and South Palokas) with up to three mineralized horizons in each and forms 52% of the Mineral Resource. The dimensions of the Palokas resource are 220 metres parallel to strike and 545 metres down plunge reaching a vertical depth of 440 metres. The dimensions of the South Palokas resource are 280 metres of strike, 520 metres down plunge to a vertical depth of 430 metres. Mineralization at Palokas forms within a retrograde mineral alteration assemblage includes chlorite, iron-magnesium amphiboles, tourmaline and pyrrhotite commonly associated with quartz veining. Subordinate almandine garnet, magnetite and pyrite occur with bismuth tellurides, scheelite, ilmenite, gold and one of cobaltite or cobalt pentlandite. At South Palokas, the main (central) mineralized unit is dominated by schistose pyrrhotite rocks rich in muscovite, biotite, chlorite (similar to Raja prospect).

Resource Methodology

1. Mineral Resource reporting follow the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions standards (2014) for mineral resources and reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.
2. Reported tonnage and grade figures have been rounded from raw estimates to reflect the relative accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Constrained Resources are presented undiluted and in-situ and are considered to have reasonable prospects for eventual economic extraction.
5. Optimized open pit constrained resources are reported at a cut-off grade of 0.3 g/t AuEq.
6. Underground resources are reported at a cut-off grade of 1.1 g/t AuEq.
7. Gold equivalent "AuEq" = Au+(Co/1430) based on assumed prices of cobalt US \$17.28/lb and gold US \$1,694/oz gained from analyst consensus forecasts.
8. No top caps were required for the Raja or North Palokas deposits. At South Palokas, a gold top cap of 20 g/t Au was used for the main gold domain within while a gold top cap of 3 g/t Au was used for the low-grade gold domain. For a single lens at Rumajärvi a cobalt top cap of 1500 ppm was used.
9. Bulk density values were calculated for each of the wireframes based on 2,196 measurements.
10. The three-dimensional wireframe models were generated using AuEq shells. Estimation parameters were determined by variography; all zones were interpolated using Ordinary Kriging ("OK").
11. Block dimensions were 25 x 10 x 5 metres (Raja) and 20 x 10 x 5 metres (Palokas) with sub-block sizes down to 5 x 2 x 1 metre and 4 x 2 x 1 metres blocks for Raja and Palokas respectively. Rumajärvi block dimensions were 25 x 10 x 5 with sub-blocks down to 5 x 2 x 1 metre.
12. AMC created the Rajapalot Mineral Resource estimate using the drill results available to July 1, 2020 from the Raja, Palokas and Rumajärvi prospects.

Table 1: Total Inferred Mineral Resources Estimate as of September 14, 2020, at the cut-offs listed for constrained open pit and underground resources at Rajapalot

Zone	Cut-off (AuEq)	Tonnes (kt)	Au (g/t)	Co (ppm)	AuEq (g/t)	Au (koz)	Co (tonnes)	AuEq (koz)
Raja Pit	0.3	3,055	2.5	474	2.8	247	1,448	278
Raja UG	1.1	641	1.6	1,293	2.5	33	829	52
Raja Total		3,696	2.4	616	2.8	280	2,277	330
Palokas Pit	0.3	3,218	1.8	531	2.1	182	1,709	224
Palokas UG	1.1	1,729	2.3	572	2.7	128	989	150
Palokas Total		4,947	2.0	545	2.3	311	2,698	374
Rumajärvi Pit	0.3	289	0.8	397	1.1	7	115	10
Rumajärvi UG	1.1	35	1.2	476	1.6	1	17	2
Rumajärvi Total		292	0.8	398	1.1	7	131	12
Total Pit	0.3	6,562	2.1	499	2.4	436	3,273	512
Total UG	1.1	2,405	2.1	763	2.6	163	1,834	204
Total		8,967	2.1	570	2.5	600	5,107	716

Table 2: Grade/tonnage relationship at different AuEq g/t cut-off grades for the combined Raja, Palokas and Rumajärvi prospects

Cut-Off (AuEq)	Tonnes (kt)	Au (g/t)	Co ppm	AuEq (g/t)	AuEq (koz)
0.3	12,007	1.7	532	2.0	791
0.5	10,389	1.9	560	2.3	769
0.7	8,551	2.3	595	2.7	735
0.9	7,393	2.5	613	3.0	705
1.1	6,407	2.8	632	3.3	673
1.3	5,595	3.1	648	3.6	642
1.5	5,014	3.4	660	3.8	616
1.7	4,438	3.6	671	4.1	586
1.9	3,835	4.0	689	4.5	551
2.1	3,314	4.4	711	4.9	518
2.3	2,880	4.7	731	5.3	487
2.5	2,571	5.1	736	5.6	463
2.7	2,287	5.5	739	6.0	440
2.9	2,068	5.8	722	6.3	420

As of the date of this MD&A the Company held a total of 5 granted exploration permits and 10 exploration permit applications and reservations.

Summary of Claims at Rompas-Rajapalot Project

Permit Type	Name	Mining Registry Number	Area (hectares)
Exploration Permit	Raja	ML2014:0061-01	883
Exploration Permit	Männistö	ML2016:0046-01	2,141
Exploration Permit	Korkiakoivikko	ML2012:0168-01	232
Exploration Permit*	Kairamaat 2/3	ML2013:0041-02	1,462
Exploration Permit	Hirvimaa	ML2014:0033	1,007
Total			5,725
Exploration Permit Application	Rompas	ML2014:0060-01	265
Exploration Permit Reservation	Takanenvuoma	VA2019:0047	14,365
Exploration Permit Application	Vatsa	ML2015:0017	371
Exploration Permit Application	Kultamaat	ML2015:0005-01	529
Exploration Permit Application	Karsimaat	ML2014:0075-01	2,777
Exploration Permit Application	Uusi Rumavuoma	ML2015:0042-01	1,283
Exploration Permit Application	Kaitajärvi E-M-W	ML2014:0100-01	802
Exploration Permit Application	Mäntylaenokka N -S	ML2015:0054-01	398
Exploration Permit Application	Kuusivaara	ML2014:0077-01	4,565
Exploration Permit Application	Petäjävaara	ML2014:0074	1,645
Total			27,000

* Exploration Permit granted but not in legal force, under appeal and enforced to allow continuing exploration.

As of the date of this MD&A, the Company holds a total of 5 granted exploration permits (including Kairmaat 2-3) for 5,725 hectares and 10 exploration permit applications and reservations for 27,000 hectares. According to the Finnish Mining Act, after the first renewal period of up to 4 years, all exploration permits in Finland can be renewed in 3-year maximum intervals, for a combined total of 15 years.

The 1,462 hectare Kairamaat 2/3 exploration permit (part of the Rajapalot project area) is granted but not in legal force. It was regranting on January 18, 2019 by the Finnish Mining Authority, TUKES. As announced on February 21, 2019 and, as a standard right in Finland, two appeals were lodged by a local non-governmental organization (“NGO”) group and Parks & Wildlife, Finland, Lapland (“Metsähallitus”). The appeal by Metsähallitus has since been withdrawn, leaving a single appeal by an NGO group. The Administrative Court ratified an enforcement order which allows Mawson to drill from 200 drill platforms (from 529 optional sites) plus 76 existing drill platforms within the 1,462 hectare Kairamaat 2/3 exploration permit area for 3 years from 18 January 2019. Drilling is not permitted within a 150 metre buffer of an eagle’s nest from February 15th to March 25th.

Rajapalot is a significant and strategic gold-cobalt resource and one of Finland’s largest gold resources by grade and contained ounces and one of a small group of cobalt resources prepared in accordance with NI 43-101 policy within Europe. Finland refines half the world’s cobalt outside China. The world’s largest cobalt refinery is located 400 kilometres south of Rajapalot, where [CRU](#) estimates annual refining of 22,734 tonnes of cobalt (approximately 18% of world refined cobalt production), 90% of which was sourced from Chinese-owned mines in the Democratic Republic of Congo. Finland mines only 650 tonnes or 0.5% of the world’s cobalt per year. The Rajapalot resource has the potential to support Finland’s desire to source ethical and sustainable cobalt.

Mawson appreciates the overwhelmingly strong support it receives from local stakeholders. The Ylitornio municipality, which hosts the Rajapalot project, is a sparsely populated area with a decreasing population. The Rajapalot project could create many opportunities for both the current population and those in the future who settle within the area.

Finland has rigorous regulatory processes with strict environmental standards and Mawson is committed to work with the regional and national authorities and broader stakeholder groups to develop the project in a responsible way. Mawson has completed eight years of flora, fauna and water base line studies and nature assessments at Rompas-Rajapalot. The Company looks forward to continuing to work closely with both the mining and environmental authorities and other stakeholders over the coming years to ensure our work is conducted according to sustainable and global best practice methods.

Mawson carries out its exploration activities in large areas, including 9% of its permit areas within biodiversity conservation areas (Natura 2000 in the Kairamaat 2/3 exploration permit area). The aim of the Natura 2000 network is to assure the long-term survival of Europe’s most valuable and threatened species and habitats. Natura 2000 is not a system of strict nature reserves where all human activities are excluded and forms 18% of the EU landmass. Development in Natura is defined by clear rules and the emphasis is on ensuring that future management is sustainable, both ecologically and economically. Eighty-two percent of the Rompas-Rajapalot project lies outside of Natura areas. Mawson area permitted to complete all exploration at Rajapalot inside and outside Natura zones. The next major permitting step required will come at mining where biodiversity offsets for Natura areas will most probably be required. There are mining projects that have been permitted and are in production in Natura 2000 areas within Europe, including Krumovgrad (gold mine Bulgaria), Prosper Haniel (coal mine in Germany) and Mechelse Heide Zuid (sand mine in Belgium). Anglo American is currently permitting the Sakatti Ni-Cu-PGE project for mining in Finland.

For diamond drilling programs at Rajapalot, Mawson completed biological mapping of all areas where drilling took place, and, worked together with all authorities to minimize impact, including capturing all drill cuttings, reduction in total machine weight and the careful preparation of compressed snow roads for use by skidoo, Bandvagn and drill rigs. The same process takes place for each winter drill season.

Victoria, Australia - Gold

In the Victorian goldfields of Australia Mawson executed multifaceted agreements with Nagambie Resources Limited (NAG:ASX) (“Nagambie”), which holds tenements in the central Victorian goldfields of Australia. This includes:

Strategic 10% equity investment into Nagambie

Mawson has entered into a subscription agreement with Nagambie dated March 24, 2020, under which Mawson has subscribed for 50.0 million ordinary shares of Nagambie (the “Nagambie Shares”), which represent a 10.0% shareholding in Nagambie. As consideration for the acquisition of the Nagambie Shares, Nagambie has received 8.5 million common shares of Mawson (the “Mawson Private Placement Shares”), which represent approximately 4.7% of the total issued Mawson Shares (after including the 1.0 million Mawson Acquisition Shares from the Clonbinane Acquisition, as defined below). The Mawson Private Placement Shares are subject to a statutory four month hold

period and voluntary trading restrictions to be released from such restriction in four equal tranches (being 2,125,000 Mawson Private Placement Shares per tranche).

Mawson has also secured a right of first refusal to take up or match proposals being considered over a competitive 3,600 square kilometre tenement package held by Nagambie. This package includes the Nagambie Gold Mine and provides Mawson with a pipeline of potential new projects. In addition, Mawson has a pre-emptive right on future issuances of Nagambie Shares to avoid dilution.

Acquisition of 100% of Nagambie's Clonbinane (renamed Sunday Creek) Tenements

Mawson has entered into an acquisition agreement dated March 24, 2020 with Nagambie pursuant to which Mawson has acquired 100% of the shares in Clonbinane Goldfield Pty Ltd (the "Clonbinane Acquisition"), a 100% subsidiary of Nagambie and the holder of 62 square kilometres of mineral tenements at Clonbinane, for consideration to Nagambie of A\$500,000 cash and the issuance of 1.0 million shares of Mawson (the "Mawson Acquisition Shares"). Mawson will also pay Nagambie AUS \$28,000 to replace environmental bonds. The Mawson Private Placement Shares are subject to a statutory four month hold period and to voluntary trading restrictions to be released from such restriction in four equal tranches (being 2,125,000 Mawson Private Placement Shares per tranche).

Clonbinane is a shallow orogenic (or epizonal) Fosterville-style deposit located 56 kilometres north of Melbourne. Small scale mining has been undertaken in the project area since the 1880s with total production being reported as 41,000oz gold at a grade of 33 g/t gold. Gold mineralization is hosted within, or proximal to, dykes with mineralization continuing along structures that extend into the sedimentary country rock. The diorite dyke and historic working trend continues for 11 kilometres and remains undrilled.

Two small drill campaigns have tested the Clonbinane mineralized system to 40-100 metres vertical depth over an 800 metre strike. In 1986, Ausminde Pty Ltd and Ausminde Holdings Pty Ltd (collectively "Ausminde") were granted mineral tenure at Clonbinane. Ausminde's completed soil and rock chip sampling and undertook RC drilling in 1993 (29 RC drill holes). Beadell Resources Limited subsequently drilled at Clonbinane in 2008 (30 RC holes with 7 diamond drill tails). None of the drill data has been independently verified at this time. Compilation of available data and 3D geologic modeling are in progress. The true thickness of the mineralized intervals is not known at this stage. Selected drill results with a 0.5g/t gold lower cut from these two drill programs at Clonbinane included:

- 17 metres at 7.0 g/t gold and 0.8% antimony from 66 metres (VCRC022),
- 38 metres at 2.8 g/t from 15 metres (VCRC011),
- 27 metres at 3.7 g/t gold and 0.46% antimony from 3 metres (CRC013),
- 2 metres at 42.5 g/t gold and 1.0% antimony from 70 metres (VCRC022),
- 10 metres at 7.0 g/t gold from 42 metres (VCRC011), and
- 5 metres at 11.2 g/t gold and 0.78% antimony from 67 metres (VCRC007).

Clonbinane is open at depth and along strike and is considered a high value exploration project with affinity to the Fosterville Mine. Mawson will compile all historic mining and exploration data into a 3D model, and look to apply large scale, deeper seeking geophysical methods to identify large mineral systems below 40-100 metres depth.

Option and Joint Ventures

Pursuant to Option and Joint Venture Agreements entered into on March 24, 2020, between Mawson and Nagambie, Mawson has the right to earn an up to 70% joint venture interest in each of Nagambie's Redcastle and Doctor's Gully gold properties located in Victoria, Australia by incurring the following exploration expenditures on the each of the properties: AUS \$100,000 in the first year and an additional AUS \$150,000 in year 2 to earn 25%, an additional AUS \$250,000 in year 3 to earn 50% and an additional AUS \$500,000 by year 5 to earn 70%. Once Mawson earns 70% a joint venture between the parties will be formed. Nagambie may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie's interest be reduced to less than 5.0%, it will be deemed to have forfeited its interest in the joint venture to Mawson in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie be granted the NSR, Mawson will have the right to acquire the NSR for AUS \$4,000,000 per property.

(i) *Redcastle Option and Joint Venture*

Redcastle is located in central Victoria 45 kilometres east of Bendigo and 18 kilometres north of Heathcote. Redcastle was discovered in 1859 and named the Balmoral Diggings. 'Redcastle' a name of Scottish origin, displaced Balmoral sometime later. Underground mining continued until 1902.

Redcastle is a shallow orogenic (or epizonal) Fosterville-style historic high-grade orefield held within a tenure area of 51 square kilometres. It is located 7 kilometres along strike from Mandalay Resources' Costerfield mine and on a parallel north-south structure, 24 kilometres east of Kirkland Lake Gold's Fosterville mine. The northern margin of the claim is surrounded by a Newmont Corporation exploration licence.

There are few historic reliable production records of the early mining at Redcastle, however very high grades of gold and associated stibnite were recorded from nearly all mines, which were only worked to an average of 55 metres depth within a 5 kilometre by 4 kilometre area. The Redcastle Gold Mining Company is reported to have produced 35,000 ounces of gold from Clarke's Reef at a grade of 33 g/t gold.

Today six principal prospects or target areas have been identified at Redcastle: Reservoir, Mullocky, Laura, RFZ, Why Not and Pioneer. An RC drill program in 2007-08 by Nagambie totaled 239 holes for 10,169 metres. The average depth of drilling was 42.6 metres with the deepest hole being 81.0 metres and the shallowest hole being 5 metres deep. Of the 14 prospects drilled, 10 intersected gold greater than 1.0 g/t gold in 1 metre sample intervals. None of the drill data have been independently verified at this time. Compilation of available data and 3D geologic modeling are in progress. The true thickness of the mineralized intervals is not known at this stage. Selected drill results from this drill program at Redcastle included: 10 metres at 2.5 g/t gold from 22 metres (RRC26), 2 metres at 10.7 g/t gold from 39 metres (RRC41) and 2 metres at 6.3 g/t gold from 26 metres (PR16).

Previous workers have exclusively focused on heap leachable near-surface gold at Redcastle and the project remains untested to depth. Mawson will compile all historic mining and exploration data into a 3D model, and look to apply large scale, deeper seeking geophysical methods to identify large mineral systems below 50 metres depth.

(ii) *Doctors Gully Option and Joint Venture*

Doctor's Gully is a shallow orogenic (or epizonal) Fosterville-style historic mining district. The Doctor's Gully retention license covers a smaller area of 4 square kilometres with 21 historic gold showings and mines. In modern times it has been mined for oxide gold. It is located 13 kilometres northeast of Redcastle.

Gold Mines of Kalgoorlie ("GMK", also working as Metals Exploration Ltd) mapped and drilled Doctor's Gully in 1988. A total of 1,734 metres of RC drilling was conducted in 29 holes across the prospect. The results from this drill program have never been followed up. None of the drill data has been independently verified at this time. Compilation of available data and 3D geologic modeling are in progress. The true thickness of the mineralized intervals is not known at this stage. Better drill intersections from this program included 7 metres @ 4.1 g/t gold from 40 metres (WHP7) and 8 metres @ 3.2 g/t gold from 40 metres (WHP26) and 1 metre @ 14.6 g/t gold from 62 metres (WHP26).

Like Redcastle, previous workers have focused on heap leachable near-surface gold at Doctors Gully and the project remains untested at depth. Mawson will compile all historic mining and exploration data into a 3D model, and look to apply large scale, deeper-seeking geophysical methods to explore for a large mineral system below 50 metres depth.

Mawson has commenced a detailed geophysics program at Redcastle, and will undertake 5,000 metres of diamond drilling at both the [Sunday Creek](#) and Redcastle projects in the Victorian Goldfields, commencing from mid/late August.

Mount Isa SE, Australia

Mawson has staked through its 100% owned Australian subsidiary, Mawson Queensland Pty Ltd, five exploration prospecting licences (“EPMs”) for 483km². All EPMs, are granted.

While the Company remains focussed in Finland and Victoria for gold, over the last 3 years Mawson’s strategy has been to acquire district-scale areas undercover and along strike from large mines. The Company has built a significant position of 483 square kilometres of granted exploration licences in the Cloncurry district of Mt Isa, over a combined 60 kilometres of strike, and is surrounded by South32 Ltd and Sandfire Resources Ltd;

Subject to Mawson’s compliance with the terms and conditions Mawson will receive \$200,000 funding by undertaking a drill program before 31 May 2021. under the Queensland Government’s Collaborative Exploration Initiative (CEI) to fund drilling the F11 target, which is strike-parallel to South32 Ltd’s Cannington silver-lead mine, the ninth largest silver producer in the world with 12.3 Moz produced in 2019. At its prime in the early 2000s Cannington was the world’s largest single silver producer, and represented about 6% of the world’s primary silver production. Deposit styles sought at F11 include both Cannington silver-zinc (Broken-Hill type) and iron-oxide copper-gold (IOCG).

The Mt Isa area is one of the most metal-endowed areas of the world, and contains 5% of the world’s silver resources, 1.7% of the world’s copper resources, 21.2% of the world’s lead resources and 11% of the world’s zinc resources, within numerous world-class mines. Most of these mines were discovered within outcrop or subcrop areas.

The Mt Isa area contains a large number of mineral occurrences and world class mines. Since the discovery of copper and gold near Cloncurry in the 1860s the rocks of the Mount Isa Orogen have been significant producers of copper, lead, zinc and silver. Significant resources remain, with the Mount Isa Orogen containing 21.2% of the world’s lead resources, 11% of the world’s zinc resources, 5% of the world’s silver resources and 1.7% of the world’s copper resources. Most of these discoveries were made within the outcrop and subcrop areas. These areas continue under 100-500 metres of cover particularly to the north, east and south of the Mt Isa mineralized block. Mawson’s strategy has been to acquire prospective undercover areas within prospective host sequences in data poor environments.

Over the last year, Mawson flew 100 metres spaced airborne magnetics and a 1km x 1km ground-based gravity over its entire Isa SE holding. This program was funded in part by a AUD \$100,000 grant from the Qld Government Collaborative Exploration Initiative, which backs private investment in under-explored parts of north-west Queensland by co-funding particularly innovative projects.

Mawson’s Isa South East project represents an example of the changing industry paradigm to explore deeper under cover. The completed detailed magnetic and gravity surveys are considered a vital steps in derisking the project to generate drill targets. The attractiveness of Mawson’s Isa SE project is underpinned by three key factors:

1. High prospectivity for large mineralized systems including BHT-type and Cloncurry-style IOCGs. The project area spans approximately 60km of strike adjacent to South 32’s world class Cannington mine. This includes approximately 20km of strike similar south east-trending magnetostratigraphy to that which hosts Cannington. The area is structurally complex containing segments of the crustal-scale Cloncurry fault system and associated NW-trending second order structures and major interpreted D2 and D3 shear zones.
2. Extremely low level of exploration maturity. Only two basement targeted holes have been drilled within the Mawson EPMs. This lack of drilling is a direct reflection of increased cover thickness rather than the ability to develop high-potential drill-ready targets, noting the geophysical detectability of all known major deposits in the Isa terrane. Within the current industry paradigm of exploring at greater depths under cover this creates opportunity for Mawson - to review and reprocess open file geophysical data, assess options for additional ground or airborne geophysical surveys and via integration with structural-stratigraphic interpretation develop new exploration targets under cover.
3. Large and strategic land holding. The 4 EPMs that comprise the ISA SE project total 982 sq km. These are contiguous with active miners and explorers South 32, Minotaur and Sandfire.

Western USA (“WUSA”)

Three agreements were signed with an arms-length landholder (the “Landholder”) in late 2017 on primarily free hold (or fee simple) land owned by the Landholder considered prospective for gold in Oregon, Western USA (“WUSA”). The Landholder also owns the mineral rights.

Owing to long term ownership by the Landholder, the WUSA Project region had remained largely unexplored and behind locked gates for more than 150 years. The WUSA Project is highly prospective for high and low sulphidation epithermal gold systems and lies adjacent to a 19th century gold rush area. Modern-day placer mining is still being undertaken in the optioned area.

The Cascade Range in Oregon is underlain by Eocene to Holocene intermediate to felsic volcanic and volcanoclastics rocks erupted along the western margin of North America. Immediately adjacent to Mawson’s 150,500 hectare WUSA project lies a well-mineralized district containing multiple mineral deposits including polymetallic veins (Bohemia, a gold-rush mining area discovered in 1858) and historic hot-spring style mercury mines. Placer gold mining is still undertaken within the option area.

Three gold prospects for immediate follow up have been defined to date:

- (i) **Scorpion-Cinnabar**
A 2.2 km long and up to 400-metre-wide zone where soil geochemical samples regularly exceed 1g/t Au (up to 5.51g/t Au). These gold anomalous soils lie above highly acid altered rocks.
- (ii) **Huckleberry**
A series of siliceous ridges which trend over 3 kilometres, with high sulphidation vuggy silica textures and acidic steam vents that outcrop for 1,000 metres. Geochemically anomalous rock samples with Sb, As, Hg, Bi, Mo are coincident with classic epithermal alteration zones (alunitic, silicification, argillic and propylitic).
- (iii) **Walker Creek**
A high-level maar-type low sulphidation epithermal system developed over an area of more than 3 square kilometres. Ten vertical RC holes completed before Mawson’s involvement intersected anomalous gold over significant intervals.

Work to date by Mawson on the WUSA Project has consisted of diamond drilling, mapping, soil sampling, regional stream sediment sampling and ground magnetic geophysical surveying.

A total of 4 holes (one abandoned) were completed for 1,033 metres at the Scorpion intermediate-sulphidation and Huckleberry high-sulphidation projects and were reported during the quarter. This was the first diamond drilling program completed at both prospects.

Best results were achieved in the first and only hole drill hole at Scorpion where SDH-001-18 returned:

- 0.6 metres @ 3.25 g/t gold (“Au”), 27.3 g/t silver (“Ag”), 6680 ppm arsenic (“As”), 485 ppm antimony (“Sb”) and 2.8 ppm tellurium (“Te”) from 21.3 metres. The hole targeted strong and widespread surface alteration and an extensive gold in soil anomaly that extends over a 2.2 km long by up to 400 metre-wide area;

Holes at Huckleberry intersected intense siliceous and argillaceous alteration, with wide zones of high pathfinder elements including tellurium. Drill hole HDH-003-18 intersected:

- 15.2 metres @ 16.5ppm Te, 0.34 g/t Ag, 1038 ppm As, 96.4 ppm Sb and from 56.4 metres;

The drilling program at the two prospects intersected wide zones of previously undrilled intense silica, argillic and sulphidic alteration that contain anomalous geochemistry including epithermal geochemical pathfinders, and locally elevated base metals and gold. Follow up work is recommended. Drill permits at WUSA are in place for a more extensive drill program.

In July 2020 Mawson signed a mutual understanding and agreement (the “MOU”) to joint venture the WUSA Project to Aguila American Gold Ltd (“Aguila”). The MOU provides Aguila with the right to earn up to an 80% interest in the WUSA Project through committing to certain exploration expenditures. Aguila must invest US\$200,000,

including 600 meters of diamond drilling during calendar 2020, to earn a 51% interest in the project. By investing a further US\$1,000,000 in exploration, by no later than by December 31, 2022, Aguila can earn an additional 29% interest in the project (80% in total). On Aguila acquiring an 80% interest, the 20% holding of Mawson will be non-dilutable until a decision to mine, and Mawson shall be free carried by loans from Aguila, repayable from production cash flows. The acquisition of the WUSA Project by the Company is subject to completion of a private placement by Aguila.

Future Developments

Mawson will have nine drill rigs turning on four global gold projects for the remainder of 2020. The main goal in Finland is to expand the maiden inferred resource at Rajapalot in Finland and continue to develop adjacent prospect areas for deep drill testing. Mawson's goal in Australia is to develop and drill high quality targets in its Victoria and Queensland permits

Finland

1. Further fixed loop electromagnetic surveys to define shallow blind mineralization over a majority of the Rajapalot project area - ongoing at the time of writing.
2. Drilling of new targets developed during from regional TEM surveys combined with re-interpretation of the distribution of the mineralized host package. Up to 5 km of drilling may be undertaken prior to commencement of winter drilling with a drill rig due to be mobilized in September.
3. A 20 kilometre drill program with 5 drill rigs is planned to commence drilling when winter conditions allow from mid to late December to immediately expand the gold-cobalt resource. Drilling will focus on:
 - Infill high-grade resource areas to Indicated status and extend and find repeats of the high-grade zones (it appears that Palokas and South Palokas may merge into one mineralized block).
 - Test the extensions of the underground resource areas defined by electromagnetic conductors.
 - Define shallow resources at Rumajärvi, Terry's Hammer and the Hut where near surface high-grade mineralization has already been defined. Rumajärvi is a new near surface addition to the upgraded resource calculation and reflects the shallow potential to add to the resource base with further drilling.
 - Test multiple earlier-stage targets outside resource areas.
4. Metallurgical testwork for cobalt and gold continues with benchtop liberation, leach, flotation testing. These studies are being conducted with the Geological Survey of Finland and the Camborne School of Mines (University of Exeter). A significant grant to assist in the metallurgical studies, especially on the cobalt minerals has been received as part of the BATCircle consortium.

Victoria, Australia

Four geophysical crews and one drill is operation in Victoria. A second drill rig will be added before the end of September.

1. Continuation of IP gradient array surveys, followed by gravity, ground magnetics and LiDAR surveying at Redcastle and Sunday Creek.
2. Drill testing at Sunday Creek and drilling of new targets developed at Redcastle.

Mount Isa, Australia

Drilling of F11 gravity and magnetic target to the SE of Cannington Mine (largely funded by Qld State Government CEI Grant) during October 2020.

Western USA ("WUSA")

Diamond drilling of by Mawson's JV partner, Aguila American Gold Ltd at the WUSA gold project.

Qualified Person

The qualified persons for the Company's projects, Dr. Nick Cook, PhD (Geology), the Company's Chief Geologist for Finland, has reviewed and verified the technical information provided under Exploration Projects of this document.

Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended May 31,		
	2020 \$	2019 \$	2018 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(2,930,962)	(3,723,686)	(2,497,554)
Other items	529,622	149,589	56,254
Net loss	(2,401,340)	(3,574,097)	(2,441,300)
Other comprehensive loss	Nil	Nil	(5,449)
Comprehensive loss	(2,401,340)	(3,574,097)	(2,446,749)
Basic and diluted loss per share	(0.01)	(0.03)	(0.02)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	18,031,038	1,472,175	11,008,224
Total assets	57,427,133	32,728,516	35,339,680
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2020				Fiscal 2019			
	May 31 2020 \$	Feb 29 2020 \$	Nov 30 2019 \$	Aug 31 2019 \$	May 31 2019 \$	Feb 28 2019 \$	Nov 30 2018 \$	Aug 31 2018 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(838,170)	(1,179,363)	(487,779)	(425,650)	(549,659)	(1,997,850)	(709,950)	(466,227)
Other items	1,453,826	(900,317)	6,610	(30,497)	14,559	35,011	61,481	38,538
Net income (loss)	615,656	(2,079,680)	(481,169)	(456,147)	(535,100)	(1,962,839)	(648,469)	(427,689)
Other comprehensive income (loss), net	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive income (loss)	615,656	(2,079,680)	(481,169)	(456,147)	(535,021)	(1,962,839)	(648,469)	(427,689)
Basic and diluted income (loss) per share	0.00	(0.01)	(0.00)	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	18,031,038	3,956,181	7,233,373	599,491	1,472,175	4,882,365	7,391,157	9,507,817
Total assets	57,427,133	39,594,009	38,809,498	31,764,765	32,728,516	34,234,281	34,172,023	34,636,624
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended May 31, 2020 Compared to Three Months Ended February 29, 2020

During the three months ended May 31, 2020 ("Q4") the Company reported net income of \$615,656 compared to a net loss of \$2,079,680 for the three months ended February 29, 2020 ("Q3"), an increase in income of \$2,695,336. The increase in income was attributed to:

- (i) recognition of an \$885,119 impairment provision for the WUSA Project in Q3;
- (ii) recognition of share-based compensation of \$41,000 in Q4/2020 compared to \$748,750 in Q3; and

- (iii) recognition of an unrealized gain on investments of \$1,426,066 in Q4 compared to an unrealized loss on investments of \$1,749 in Q3 mainly due to the increase in quoted stock prices in the holdings in Nagambie shares which were acquired in Q4.

Three Months Ended May 31, 2020 Compared to Three Months Ended May 31, 2019

During the three months ended May 31, 2020 (“Q4/2020”) the Company reported net income of \$615,656 compared to a net loss of \$535,021 for the three months ended May 31, 2019 (“Q4/2019”), an increase in income of \$1,150,677. The increase in income was primarily attributed to recognition of an unrealized gain on investments of \$1,426,066 in Q4/2020 compared to \$nil in Q4/2020 due to the appreciation in the quoted stock prices in the holdings in Nagambie shares.

Year Ended May 31, 2020 Compared to Year Ended May 31, 2019

During the year ended May 31, 2020 (“fiscal 2020”) the Company reported a net loss of \$2,401,340, compared to a net loss of \$3,574,097 for the year ended May 31, 2019 (“fiscal 2019”), a decrease in loss of \$1,172,757. The decrease in loss was attributed to:

- (i) a decrease in general and administrative expenses by \$792,724 from \$3,723,686 during fiscal 2019 to \$2,930,962 during fiscal 2020; and
- (ii) recognition of an unrealized gain on investments of \$1,403,139 in fiscal 2020 compared to an unrealized gain on investments of \$10,618 in fiscal 2019 mainly due to the increase in quoted stock prices in the holdings in Nagambie shares acquired in fiscal 2020.

The above were partially offset by the recognition of an impairment provision of \$885,119 for the WUSA Project in fiscal 2020.

Significant variances in general and administrative expenses are as follows:

- (i) professional fees decreased by \$179,400, from \$393,765 during fiscal 2019 to \$214,365 during fiscal 2020, reflecting a general decrease in engagement of independent consultants;
- (ii) incurred legal fees of \$288,401 during fiscal 2020 compared to \$787,722 during fiscal 2019. During fiscal 2019 the Company incurred significant costs for increased legal representation and services with respect to the Natura 2000 impact assessment and permitting status;
- (iii) incurred \$25,958 in general exploration expenses during fiscal 2020 compared to \$62,094 during fiscal 2019;
- (iv) during fiscal 2020 the Company incurred corporate advisory fees of \$135,560 for financial advisory services. No financial advisory services were engaged during fiscal 2019;
- (v) incurred \$443,857 (2019 - \$335,978) for directors and officers compensation charged by the Company’s directors and officers. During fiscal 2020 the Company recorded bonuses of \$100,000 for additional services provided by certain directors and officers. See “Related Party Disclosures”;
- (vi) corporate development expenses of \$289,534 were incurred during fiscal 2020 compared to \$162,348 in fiscal 2019. During fiscal 2020 the Company engaged various firms to provide corporation information on the Company through various marketing campaigns;
- (vii) incurred travel expenses of \$185,687 (2019 - \$343,456). Travel activities decreased significantly in 2020 due to COVID-19;
- (viii) incurred audit and related fees of \$71,472 (2019 - \$46,104). The increase in audit and related fees is due to the review of the quarterly financial statements for the prospectus; and
- (ix) recognition of share-based compensation of \$789,750 in fiscal 2020 compared to \$1,060,600 in fiscal 2019.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During fiscal 2020 the Company reported interest income of \$67,566 compared to \$148,237 during fiscal 2019. The decrease is due to lower yields and lower levels of cash held during fiscal 2020 prior to completion of the public financing in May 2020.

Investments

	As at May 31, 2020			
	Number	Cost \$	Unrealized Gain (Loss) \$	Carrying Value \$
Common shares				
Nagambie Resources Limited (“Nagambie”)	50,000,000	1,572,500	1,427,702	3,000,202
Kingsmen Resources Limited (“Kingsmen”)	37,500	45,000	(39,188)	5,812
Thomson Resources Ltd. (“Thomson”)	600,000	16,603	(6,633)	9,970
		<u>1,634,103</u>	<u>1,381,881</u>	<u>3,015,984</u>

Unrealized gains or losses on investments are attributable to the fluctuation in the quoted stock prices of the Company’s holdings of its investment in common shares in junior mining companies. During fiscal 2020 the Company recognized an unrealized gain on investments of \$1,403,139 compared to an unrealized gain of \$10,618 during fiscal 2019

Financings

During fiscal 2020 the Company completed financings as follows:

- (i) a private placement of 49,376,749 units, at a price of \$0.16 per unit for gross proceeds of \$7,900,280;
- (ii) an existing shareholder of the Company elected to exercise its participation rights to maintain its pro-rata ownership in the Company and, on April 8, 2020 the Company issued 615,000 common shares of the Company at an issue price of \$0.17 per common share for proceeds of \$104,550;
- (iii) a public offering totalling 48,572,000 units of the Company at \$0.35 per unit for gross proceeds of \$17,000,200; and
- (iv) a non-brokered private placement of 2,860,000 units of the Company at \$0.35 per unit for gross proceeds of \$1,001,000; and

The net funds will be used for exploration on the Company’s exploration properties and for working capital and general corporate purposes.

No financings were conducted during fiscal 2019.

Exploration and Evaluation Assets

	As at May 31, 2020			As at May 31 2019		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Rompas-Rajapalot	3,069,142	30,681,347	33,750,489	2,743,919	26,214,665	28,904,128
Australia						
Sunday Creek	652,501	19,625	672,126			
Redcastle and Doctor’s Gully	-	2,317	2,317			
Mount Isa SE	238,528	336,178	574,706	207,328	242,254	449,582
USA						
WUSA, Oregon	-	-	-	186,981	727,657	871,972
	<u>3,960,171</u>	<u>31,039,467</u>	<u>34,999,638</u>	<u>3,138,228</u>	<u>27,184,576</u>	<u>30,325,682</u>

During fiscal 2020 the Company incurred a total of \$5,659,075 (2019 - \$6,894,473) on the acquisition, exploration and evaluation of its unproven resource assets of which \$4,846,361 (2019 - \$6,080,204) was incurred on its Finnish properties, \$799,567 (2019 - \$251,452) on its Australian properties and \$13,147 (2019 - \$562,817) on its WUSA Project. During fiscal 2020 the Company recorded an impairment charge of \$885,119 on the WUSA Project. See “Exploration Projects” in this MD&A for details.

Financial Condition / Capital Resources

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. See also COVID-19.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2020 audited annual consolidated financial statements.

Changes in Accounting Policies

Changes in Accounting Policies - IFRS 16

The Company adopted all of the requirements of IFRS 16, effective June 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's consolidated financial statements upon the adoption of this new standard.

A detailed summary of the Company's other significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2020 audited annual consolidated financial statements.

Related Parties Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During fiscal 2020 and 2019 the following fees were incurred:

	2020 \$	2019 \$
Management fees - Mr. Hudson - Chairman, CEO and director	213,000	166,000
Professional fees - Mr. Cook - President	200,491	209,002
Professional fees - Mr. DeMare - CFO and director	39,000	24,000

	2020 \$	2019 \$
Professional fees - Mr. Henstridge - director	33,000	18,000
Professional fees - Mr. Saxon - director ⁽¹⁾	15,000	18,000
Professional fees - Mr. Maclean - director	18,000	18,000
Professional fees - Mr. Williams - director ⁽²⁾	45,000	30,000
Professional fees - Ms. Bermudez - Corporate Secretary	52,960	32,340
Fees and compensation - Ms. Ahola - director ⁽³⁾	<u>125,609</u>	<u>129,096</u>
	<u>742,060</u>	<u>644,438</u>

(1) Mr. Saxon resigned as a director of the Company on March 23, 2020.

(2) Mr. Williams received \$18,000 (2019 - \$18,000) for director fees and \$12,000 (2019 - \$12,000) for being a member of the Advisory Committee.

(3) Ms. Ahola received \$18,000 (2019 - \$18,000) for director fees and \$107,609 (2019 - \$111,096) for being a member of the Environmental Health and Safety Committee.

During fiscal 2020 the Company allocated the \$742,060 (2019 - \$644,438) professional fees, salaries and bonuses based on the nature of the services provided: expensed \$443,857 (2019 - \$335,978) to directors and officers compensation, expensed \$nil (2019 - \$31,817) to salaries and benefits and capitalized \$298,203 (2019 - \$276,643) to exploration and evaluation assets. As at May 31, 2020, \$142,125 (2019 - \$24,000) remained unpaid.

The Company has a management agreement with Mr. Hudson, the Company's Chairman and CEO, which provides that in the event his services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$14,000 per month, is payable. If the termination had occurred on May 31, 2020 the amount payable under the agreement would be \$420,000.

The Company has a management agreement with Mr. Cook, the Company's President, which provides that in the event his services are terminated without cause or upon a change of control of the Company, a termination payment of twelve months of compensation, at AUS \$18,334 per month, is payable. If the termination had occurred on May 31, 2020 the amount payable under the agreement would be AUS \$220,008.

During fiscal 2020 and 2019 share-based and RSU compensation was incurred as follows:

	2020 \$	2019 \$
Share-based compensation - Mr. Hudson	125,000	135,000
RSU compensation - Mr. Hudson	46,000	67,500
Share-based compensation - Mr. Cook	82,000	90,000
RSU compensation - Mr. Cook	23,000	54,000
Share-based compensation - Mr. DeMare	49,000	54,000
Share-based compensation - Mr. Henstridge	49,000	54,000
Share-based compensation - Mr. Saxon	49,000	54,000
Share-based compensation - Mr. Maclean	49,000	54,000
Share-based compensation - Mr. Williams	49,000	54,000
Share-based compensation - Ms. Bermudez	24,500	27,000
Share-based compensation - Ms. Ahola	82,000	90,000
RSU compensation - Ms. Ahola	-	54,000
	<u>627,500</u>	<u>787,500</u>

- (b) During fiscal 2020 the Company incurred a total of \$55,400 (2019 - \$51,500) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$4,020 (2019 - \$4,020) for rent. As at May 31, 2020 \$4,170 (2019 - \$335) remained unpaid.

During fiscal 2020 the Company also recorded \$12,000 (2019 - \$13,500) for share-based compensation for share options granted to Chase.

- (c) During fiscal 2020 certain directors and officers of the Company purchased 825,000 units of the private placement of 49,376,749 units at \$0.16 per unit. Individual participation was as follows: Michael Hudson 387,500 units; Nick DeMare 212,500 units; Phil Williams 100,000 units; David Henstridge 62,500 units; and Mark Saxon 62,500 units

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company believes that it is in compliance in all material regulations applicable to its exploration activities. The Company is dealing with certain Finnish environmental authorities in regards to certain issues on the Rompas-Rajapalot property. See also “Exploration Projects - Finland - Environment and Permitting”. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company’s material mineral properties are located in Finland and consequently the Company is subject to certain risks, including currency fluctuations which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by governmental regulations relating to the mining industry.

See also “COVID-19”.

Additional risks and uncertainties relating to the Company and its business can be found in the “Risk Factors” section of the Company’s most recent Annual Information Form available at www.sedar.com or the Company’s website at www.mawsonresources.com.

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares without par value. As at September 22, 2020 there were 254,966,162 issued and outstanding common shares. In addition, there were 12,922,520 share options outstanding, at exercise prices ranging from \$0.23 to \$0.50 per share and 53,834,809 warrants outstanding at exercise prices ranging from \$0.185 to \$0.45 per share.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer’s Annual and Interim Filings* (“52-109”), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. Management relies upon certain informal procedures and communication, and upon “hands-on” knowledge of senior management. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company’s disclosure controls and procedures.

Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2020.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on June 1, 2019 and ending on May 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.