
MAWSON GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2020

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MAWSON GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	November 30, 2020 \$	May 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		14,167,919	18,906,515
Accrued interest		64,398	-
GST/VAT receivable		115,357	143,561
Prepaid expenses and deposits	4	<u>455,524</u>	<u>141,201</u>
Total current assets		<u>14,803,198</u>	<u>19,191,277</u>
Non-current assets			
Investments	5	2,337,659	3,015,984
Property, plant and equipment	6	124,119	91,633
Exploration and evaluation assets	7	37,855,996	34,999,638
Bonds		<u>121,971</u>	<u>128,601</u>
Total non-current assets		<u>40,439,745</u>	<u>38,235,856</u>
TOTAL ASSETS		<u>55,242,943</u>	<u>57,427,133</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>786,061</u>	<u>1,160,239</u>
TOTAL LIABILITIES		<u>786,061</u>	<u>1,160,239</u>
SHAREHOLDERS' EQUITY			
Share capital	8	88,700,862	88,122,934
Share-based payments reserve		9,145,029	9,115,859
Deficit		<u>(43,389,009)</u>	<u>(40,971,899)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>54,456,882</u>	<u>56,266,894</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>55,242,943</u>	<u>57,427,133</u>

Nature of Operations and Name Change - Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 13, 2021 and are signed on its behalf by:

/s/ Michael Hudson
Michael Hudson
Director

/s/ Nick DeMare
Nick DeMare
Director

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

MAWSON GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended November 30		Six Months Ended November 30	
		2020 \$	2019 \$	2020 \$	2019 \$
Expenses					
Accounting and administration	9(b)	43,411	25,380	76,106	51,075
Audit		36,999	20,028	58,320	37,028
Corporate advisory fees	4	173,329	-	527,182	-
Corporate development		202,023	85,845	264,452	102,726
Depreciation	6	1,876	5,854	5,629	11,708
Directors and officers compensation	9(a)	83,760	87,620	160,260	169,940
General exploration		114,401	8,074	138,496	8,074
Legal		2,955	29,935	65,648	81,707
Office and sundry		41,769	49,481	81,512	78,151
Professional fees		41,307	53,985	78,566	113,197
Regulatory fees		13,462	4,528	32,165	15,054
Rent		37,202	30,048	77,009	65,768
Salaries and benefits		2,814	14,039	2,814	34,608
Share-based compensation	8(d)	46,000	-	174,253	-
Shareholder costs		13,491	15,526	17,980	25,323
Transfer agent		3,407	7,159	8,835	7,727
Travel		5,474	50,277	13,893	111,343
		<u>863,680</u>	<u>487,779</u>	<u>1,783,120</u>	<u>913,429</u>
Loss before other items		<u>(863,680)</u>	<u>(487,779)</u>	<u>(1,783,120)</u>	<u>(913,429)</u>
Other items					
Interest income		37,538	16,607	82,491	22,501
Foreign exchange		(5,410)	(9,582)	(38,156)	(25,210)
Unrealized loss on investments		<u>(103,832)</u>	<u>(415)</u>	<u>(678,325)</u>	<u>(21,178)</u>
		<u>(71,704)</u>	<u>6,610</u>	<u>(633,990)</u>	<u>(23,887)</u>
Net loss and comprehensive loss for the period		<u>(935,384)</u>	<u>(481,169)</u>	<u>(2,417,110)</u>	<u>(937,316)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>
Weighted average number of common shares outstanding		<u>255,019,218</u>	<u>159,399,140</u>	<u>254,885,492</u>	<u>150,895,366</u>

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

MAWSON GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Six Months Ended November 30, 2020						
Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$		
Number of Shares	Amount \$					
Balance at May 31, 2020	253,757,842	88,122,934	9,115,859	(40,971,899)	56,266,894	
Common shares issued for cash:						
- share options exercised	805,000	198,650	-	-	198,650	
- warrants exercised	1,208,320	234,195	-	-	234,195	
Transfer on exercise of share options	-	104,500	(104,500)	-	-	
Transfer on exercise of broker warrants	-	40,583	(40,583)	-	-	
Share-based compensation - share options	-	-	174,253	-	174,253	
Net loss for the period	-	-	-	(2,417,110)	(2,417,110)	
Balance at November 30, 2020	255,771,162	88,700,862	9,145,029	(43,389,009)	54,456,882	

Six Months Ended November 30, 2019						
Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$		
Number of Shares	Amount \$					
Balance at May 31, 2019	142,391,593	62,499,444	7,969,961	(38,570,559)	31,898,846	
Common shares issued for cash:						
- private placement	49,376,749	7,900,280	-	-	7,900,280	
Share issue costs	-	(686,954)	-	-	(686,954)	
Share-based compensation	-	-	91,189	-	91,189	
Net loss for the period	-	-	-	(937,316)	(937,316)	
Balance at November 30, 2019	191,768,342	69,712,770	8,061,150	(39,507,875)	38,266,045	

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

MAWSON GOLD LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended November 30,	
	2020 \$	2019 \$
Operating activities		
Net loss for the period	(2,417,110)	(937,316)
Adjustments for:		
Depreciation	5,629	11,708
Share-based compensation	174,253	-
Unrealized loss on investments	678,325	21,178
Foreign exchange	(491)	-
Changes in non-cash working capital items:		
Accrued interest	(64,398)	-
GST/VAT receivables	28,204	245,779
Prepaid expenses	(314,323)	74,414
Accounts payable and accrued liabilities	<u>(217,915)</u>	<u>(29,321)</u>
Net cash used in operating activities	<u>(2,127,826)</u>	<u>(613,558)</u>
Investing activities		
Exploration and evaluation assets expenditures	(3,011,785)	(895,783)
Additions to property, plant and equipment	(38,951)	-
Refund of bonds	<u>7,121</u>	<u>-</u>
Net cash used in investing activities	<u>(3,043,615)</u>	<u>(895,783)</u>
Financing activities		
Issuance of common shares	432,845	7,900,280
Share issue costs	<u>-</u>	<u>(595,765)</u>
Net cash provided by financing activities	<u>432,845</u>	<u>7,304,515</u>
Net change in cash	(4,738,596)	5,795,174
Cash at beginning of period	<u>18,906,515</u>	<u>1,839,544</u>
Cash and cash equivalents at end of period	<u>14,167,919</u>	<u>7,634,718</u>
Cash and cash equivalents comprises:		
Cash	1,867,919	7,634,718
Short-term redeemable investment certificates	<u>12,300,000</u>	<u>-</u>
	<u>14,167,919</u>	<u>7,634,718</u>

Supplemental cash flow information - Note 11

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

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Name Change

Mawson Gold Limited (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. The Company is listed and trades on the Toronto Stock Exchange (“TSX”) under the symbol “MAW”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7, Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at November 30, 2020 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at November 30, 2020 the Company had working capital in the amount of \$14,017,137. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. 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. Although 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, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. 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.

On March 11, 2020 the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus, identified as “COVID-19”, as 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-19 safe plans as recommended by the Finnish and Australian governments. 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.

These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to November 30, 2020.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended May 31, 2020

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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2. Basis of Preparation (continued)

Adoption of New Accounting Standard

Effective June 1, 2020 the Company adopted the Amendments to IFRS 3 - *Definition of a Business*, which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

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

Basis of Measurement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

3. Subsidiaries

The subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Clonbinane Goldfield Pty Ltd. ("Clonbinane")	Australia	100%
Mawson AB	Sweden	100%
Mawson Queensland Pty Ltd.	Australia	100%
Mawson Oy	Finland	100%
Mawson Resources USA Inc.	United States	100%
M2 Resources Corp. (holding company)	Canada	100%
Mawson Victoria Pty Ltd.	Australia	100%
Melbourne Gold Limited	Canada	100%

MAWSON GOLD LIMITED
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(Unaudited - Expressed in Canadian Dollars)

6. Property, Plant and Equipment

Cost:	Field Equipment \$	Vehicles \$	Total \$
Balance at May 31, 2019	106,051	233,027	339,078
Additions	<u>46,920</u>	<u>-</u>	<u>46,920</u>
Balance at May 31, 2020	152,971	233,027	385,998
Additions	<u>-</u>	<u>38,951</u>	<u>38,951</u>
Balance at November 30, 2020	<u>152,971</u>	<u>271,978</u>	<u>424,949</u>
Accumulated Depreciation:			
Balance at May 31, 2019	(85,477)	(190,079)	(275,556)
Depreciation	<u>(5,777)</u>	<u>(13,032)</u>	<u>(18,809)</u>
Balance at May 31, 2020	(91,254)	(203,111)	(294,365)
Depreciation	<u>(2,935)</u>	<u>(3,530)</u>	<u>(6,465)</u>
Balance at November 30, 2020	<u>(94,189)</u>	<u>(206,641)</u>	<u>(300,830)</u>
Carrying Value:			
Balance at May 31, 2020	<u>61,717</u>	<u>29,916</u>	<u>91,633</u>
Balance at November 30, 2020	<u>58,782</u>	<u>65,337</u>	<u>124,119</u>

7. Exploration and Evaluation Assets

	<u>As at November 30, 2020</u>			<u>As at May 31, 2020</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Rompas-Rajapalot	3,196,505	31,724,290	34,920,795	3,069,142	30,681,347	33,750,489
Australia						
Sunday Creek	675,232	379,606	1,054,838	652,501	19,625	672,126
Redcastle	28,032	780,326	808,358	-	1,158	1,158
Whroo JV	94,851	15,251	110,102	-	1,159	1,159
Mount Isa SE	<u>250,475</u>	<u>711,428</u>	<u>961,903</u>	<u>238,528</u>	<u>336,178</u>	<u>574,706</u>
	<u>4,245,095</u>	<u>33,610,901</u>	<u>37,855,996</u>	<u>3,960,171</u>	<u>31,039,467</u>	<u>34,999,638</u>

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020
(Unaudited - Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

	Finland	Australia				USA	Total \$
	Rompas- Rajapalot \$	Sunday Creek \$	Redcastle \$	Whroo JV \$	Mount Isa SE \$	WUSA, Oregon \$	
Balance at May 31, 2019	<u>28,904,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,582</u>	<u>871,972</u>	<u>30,225,682</u>
Exploration costs							
Assays	290,986	-	-	-	-	-	290,986
Consulting	161,951	-	-	-	-	-	161,951
Core logging	647	-	-	-	-	-	647
Drilling	2,819,739	-	-	-	-	-	2,819,739
Exploration site	979	-	-	-	-	7,782	8,761
Field equipment	8,964	-	-	-	-	-	8,964
Field workers	73,647	-	-	-	-	-	73,647
Fuel	14,798	-	-	-	-	-	14,798
Geological	196,584	19,625	1,158	1,159	30,636	4,031	253,193
Geophysics	322,328	-	-	-	-	-	322,328
Salaries and benefits	735,098	-	-	-	-	-	735,098
Surveying	-	-	-	-	150,188	-	150,188
Travel	-	-	-	-	-	564	564
Vehicle rental	27,184	-	-	-	-	770	27,954
Government assistance	(131,767)	-	-	-	(86,900)	-	(218,667)
	<u>4,521,138</u>	<u>19,625</u>	<u>1,158</u>	<u>1,159</u>	<u>93,924</u>	<u>13,147</u>	<u>4,650,151</u>
Acquisition costs							
Mining rights	325,223	2,822	-	-	31,200	-	359,245
Acquisition agreement	-	649,679	-	-	-	-	649,679
	<u>325,223</u>	<u>652,501</u>	<u>-</u>	<u>-</u>	<u>31,200</u>	<u>-</u>	<u>1,008,924</u>
Impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(885,119)</u>	<u>(885,119)</u>
Balance at May 31, 2020	<u>33,750,489</u>	<u>672,126</u>	<u>1,158</u>	<u>1,159</u>	<u>574,706</u>	<u>-</u>	<u>34,999,638</u>
Exploration costs							
Assays	63,369	-	-	-	-	-	63,369
Consulting	103,280	54,284	-	-	-	-	157,564
Depreciation	-	-	-	-	836	-	836
Drilling	164,995	175,576	312,840	-	313,417	-	966,828
Exploration site	1,030	475	26,460	3,653	-	-	31,618
Field workers	39,077	-	-	-	-	-	39,077
Field equipment	8,525	7,120	31,578	-	1,289	-	48,512
Fuel	4,276	-	-	-	-	-	4,276
Geochemical	20,819	13,058	42,552	-	-	-	76,429
Geological	77,142	68,317	115,505	-	42,720	-	303,684
Geophysics	203,080	28,804	235,374	10,439	-	-	477,697
Preliminary economic assessment	56,232	-	-	-	-	-	56,232
Salaries and benefits	385,114	2,842	3,799	-	4,239	-	395,994
Travel	1,819	2,834	4,389	-	12,749	-	21,791
Vehicle rental	11,906	6,671	6,671	-	-	-	25,248
Government assistance	(97,721)	-	-	-	-	-	(97,721)
	<u>1,042,943</u>	<u>359,981</u>	<u>779,168</u>	<u>14,092</u>	<u>375,250</u>	<u>-</u>	<u>2,571,434</u>
Acquisition costs							
Mining rights	127,363	-	-	-	-	-	127,363
Option payment	-	-	-	94,851	-	-	94,851
Permitting	-	22,731	28,032	-	11,947	-	62,710
	<u>127,363</u>	<u>22,731</u>	<u>28,032</u>	<u>94,851</u>	<u>11,947</u>	<u>-</u>	<u>284,924</u>
Balance at November 30, 2020	<u>34,920,795</u>	<u>1,054,838</u>	<u>808,358</u>	<u>110,102</u>	<u>961,903</u>	<u>-</u>	<u>37,855,996</u>

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020
(Unaudited - Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

(a) ***Rompas -Rajapalot, Finland***

As at November 30, 2020 the Company holds a total of 15 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

(b) ***Sunday Creek, Australia***

Pursuant to an acquisition agreement, dated March 24, 2020, the Company acquired 100% of the shares in Clonbinane (the "Clonbinane Acquisition"), from Nagambie. As consideration the Company paid Nagambie a total of \$454,480 (AUD \$528,880) cash, issued 1,000,000 common shares of the Company at a fair value of \$185,000 and incurred legal fees of \$35,786 (collectively the "Clonbinane Purchase Price").

On closing Clonbinane's sole assets comprised two mineral tenements (the "Sunday Creek Prospect") located in the central Victoria goldfields of Australia, environmental bonds over the tenements and cash. The Company considers that the Clonbinane Acquisition is an acquisition of a group of assets. Accordingly the \$675,266 Clonbinane Purchase Price has been allocated based on their fair values, as follows:

	\$
Cash	762
Exploration and evaluation assets	649,679
Bonds	24,825
	<u>675,266</u>

(c) ***Redcastle, Australia***

On March 24, 2020, the Company entered into an option and joint venture agreement pursuant to which the Company has the right to earn up to a 70% joint venture interest in Nagambie's Redcastle gold property located in Victoria, Australia by incurring the following exploration expenditures on the Redcastle property:

- (i) AUD \$100,000 in the first year;
- (ii) an additional AUD \$150,000 in the second year to earn an initial 25% interest;
- (iii) an additional AUD \$250,000 in the third year to earn an additional 25% interest; and
- (iv) an additional AUD \$500,000 by the fifth year to earn the remaining 20% interest.

On November 22, 2020 the Company advised Nagambie that it had incurred the requisite total exploration expenditures to earn a 50% interest (the "Initial Earn-In") in the Redcastle property. Nagambie is in the process of transferring the Initial Earn-In to the Company.

Once the Company earns the 70% interest 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 a 5% interest, it will be deemed to have forfeited its interest in the joint venture to the Company in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie be granted the NSR the Company will have the right to acquire the NSR for AUD \$4,000,000.

(d) ***Whroo JV, Australia***

On March 24, 2020 the Company entered into an option agreement with Nagambie pursuant to which the Company had the right to earn up to a 70% interest in Nagambie's Doctors Gully property located in Victoria, Australia. On October 13, 2020 the parties entered into an amended and restated option agreement (the "Whroo JV Agreement") on the Doctors Gully property and additional exploration licences (collectively the "Whroo JV").

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FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020
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7. Exploration and Evaluation Assets (continued)

Pursuant to the Whroo JV Agreement the Company has the option to earn up to a 70% joint venture interest in the Whroo JV by incurring the following exploration expenditures: AUD \$400,000 in the first year and an additional AUD \$500,000 in year two to earn an initial 25% interest, an additional AUD \$1,600,000 (cumulative AUD \$2,500,000) in years three and four to earn a 60% interest. Upon the Company earning its 60% interest either party may provide notice to the other to form a joint venture (“JV”) under which the percentage ownership of each of Nagambie and the Company will be 40% and 60%, respectively. If Nagambie elects not to form a JV at 40%, the Company then has the option, but not the obligation, to invest a further AUD \$1,500,000 (cumulative AUD \$4,000,000) of exploration expenditures over two years, to earn a 70% interest in the Whroo JV. Once the Company earns a 70% interest a joint venture between the parties will be automatically formed. Nagambie may then contribute its 30% interest ownership with further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie’s interest be reduced to less than a 5% interest, it will be deemed to have forfeited its interest in the Whroo JV to the Company in exchange for a 1.5% NSR on gold revenue. Should Nagambie be granted the NSR, the Company will have the right to acquire the NSR for AUD \$4,000,000.

(e) ***Mount Isa SE, Australia***

The Company holds five exploration prospecting licenses (“EPMs”) (collectively “Mount Isa SE”) in the Mount Isa Mineral District, Queensland, Australia. The Mount Isa SE EPMS require annual concession payments totalling approximately AUD \$26,500 and work commitments totalling approximately AUD \$280,000 between fiscal 2023 and 2024.

(e) ***Western USA, Oregon***

Effective December 27, 2017, as amended, the Company entered into an agreement whereby it was granted the option to lease and to conduct exploration on mineral rights (“WUSA”) located in Oregon, USA. Pursuant to the agreement the Company had agreed to pay an annual option to lease payments (adjusted for inflation) of:

- Option Year 1 - US \$5 per acre, which the Company paid \$124,270 (US \$100,000);
- Option Year 2 - to begin January 1, 2021, with payments of US \$25,000 on or before August 1, 2020 and US \$75,000 on or before February 1, 2021; and
- Option Year 3 - US \$25 per acre.

The option lease payments will be determined by the acreage retained as determined by the Company. The Company is also required to expend minimum annual exploration expenditures as follows:

- Option Year 1 - US \$500,000, which was met as at November 30, 2018;
- Option Year 2 - US \$750,000 of which a minimum of US \$200,000 shall be completed on or before December 31, 2020 and the remaining US \$550,000 on or before December 31, 2021;
- Option Year 3 - US \$1,000,000; and
- Option Year 4 - US \$1,000,000.

In the past the Company has received extensions to the option agreement and expects to continue to receive cooperation from the optionor while the Company continues its efforts to identify a partner or a farm-out arrangement. During fiscal 2020 the Company has determined to impair all capitalized expenditures on the WUSA property and, accordingly, has recorded an impairment of \$885,119 for all acquisition and exploration amounts incurred as at May 31, 2020.

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7. Exploration and Evaluation Assets (continued)

On July 27, 2020 the Company entered into an agreement with Aguila American Gold Ltd. (“Aguila”), a publicly traded company with a director in common, whereby it granted Aguila the right to earn up to an 80% interest in the WUSA property. Aguila may earn an initial 51% interest by funding a minimum of US \$200,000 in exploration expenditures by December 31, 2020 and payment of US \$25,000 (paid by Aguila) option lease payment to the optionor. Aguila can then earn an additional 29% interest by funding a further US \$1,000,000 in exploration expenditures by December 31, 2022 and making all required option lease payments.

8. Share Capital

(a) *Authorized Share Capital*

The Company’s authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

Six Months Ended November 30, 2020

During the six months ended November 30, 2020 the Company did not conduct any equity financings.

Fiscal 2020

- (i) On October 30, 2019 the Company completed a private placement financing of 49,376,749 units, at a price of \$0.16 per unit for gross proceeds of \$7,900,280. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.24 per share until October 30, 2021. Director and officers of the Company and/or private corporations controlled by directors or officers of the Company participated for 825,000 common shares of this private placement.

The Company paid total cash commissions and finders’ fees of \$364,757 and issued 2,279,730 share purchase warrants (the “Broker Warrants”). Each Broker Warrant entitles the holder to purchase an additional common share at a price of \$0.185 per share until October 30, 2021. The value assigned to the Broker Warrants was \$91,189. The weighted average fair value of the Broker Warrants issued was \$0.04 per warrant. The fair value of the Broker Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.57%; expected volatility of 63%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The Company incurred a total of \$231,008 for legal and other costs associated with this private placement financing.

- (ii) An existing shareholder of the Company elected to exercise its participation right to maintain its pro-rata ownership in the Company and, on April 8, 2020 the Company completed a private placement of 615,000 common shares of the Company at \$0.17 per common share for proceeds of \$104,550.

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8. Share Capital (continued)

(iii) On May 20, 2020 the Company completed a public offering totalling 48,572,000 units of the Company at \$0.35 per unit for gross proceeds of \$17,000,200. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.45 on or before May 20, 2022. The Company paid total cash commissions and finders' fees of \$850,010 and issued 2,428,600 share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase an additional common share at a price of \$0.35 per share until May 20, 2022. The value assigned to the Broker Warrants was \$340,004. The weighted average fair value of the Broker Warrants issued was \$0.14 per warrant. The fair value of the Broker Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.28%; expected volatility of 72%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The Company incurred a total of \$369,744 for legal and other costs associated with this private placement financing.

(iv) On May 27, 2020 the Company completed 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 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.45 on or before May 27, 2020. The Company paid total finders' fees of \$1,898 cash and issued 5,425 finder's warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase an additional common share at a price of \$0.45 per share until May 27, 2022. The value assigned to the Finder's Warrants was \$705. The fair value of the Finder's Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.27%; expected volatility of 72%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

(v) See also Notes 5(a) and 7(b).

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2020 and, 2019 and the changes for the six months ended on those dates, is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	55,043,129	0.34	25,286,635	0.58
Warrants issued	-	-	24,688,374	0.24
Broker Warrants issued	-	-	2,279,730	0.185
Warrants exercised	<u>(1,208,320)</u>	0.19	<u>-</u>	-
Balance, end of period	<u>53,834,809</u>	0.34	<u>52,254,739</u>	0.40

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8. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2020:

Number	Exercise Price \$	Expiry Date
1,265,160	0.185	October 30, 2021
24,419,624	0.24	October 30, 2021
24,286,000	0.45	May 20, 2022
2,428,600	0.35	May 20, 2022
1,430,000	0.45	May 27, 2022
<u>5,425</u>	0.45	May 27, 2022
<u>53,834,809</u>		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan which, when combined with the number of common shares issued under the Restricted Share Unit Plan adopted in Note 7(e), is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the six months ended November 30, 2020 the Company granted share options to purchase a total of 1,587,520 common shares and recorded compensation expense of \$174,253 on the vesting of these options. See also Note 4. No share options were granted during the six months ended November 30, 2019.

The fair value of share options granted and vested during the six months ended November 30, 2020 is estimated using the Black-Scholes option pricing model using the following assumptions:

Risk-free interest rate	0.25% - 0.31%
Estimated volatility	71% - 75%
Expected life	2 years - 3 years
Expected dividend yield	0%
Estimated forfeiture rate	0%

The weighted average grant date fair value of all share options granted during the six months ended November 30, 2020 was \$0.18 per share option.

A summary of the Company's share options at November 30, 2020 and, 2019 and the changes for the six months ended on those dates, is as follows:

	2020		2019	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	11,935,000	0.25	10,270,000	0.33
Granted	1,587,520	0.39	-	-
Exercised	(805,000)	0.25	-	-
Expired / cancelled	(400,000)	0.39	(4,810,000)	0.35
Forfeited	<u>-</u>	-	<u>(490,000)</u>	0.275
Balance, end of period	<u>12,317,520</u>	0.27	<u>4,970,000</u>	0.29

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8. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at November 30, 2020:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
170,000	170,000	0.30	November 1, 2021
487,520	487,520	0.35	June 9, 2022
6,225,000	6,225,000	0.23	January 15, 2023
200,000	200,000	0.275	April 23, 2023
100,000	100,000	0.355	May 21, 2023
800,000	200,000 *	0.38	June 1, 2023
100,000	100,000	0.50	August 5, 2023
200,000	200,000	0.48	October 14, 2023
<u>4,035,000</u>	<u>4,035,000</u>	0.275	February 12, 2024
<u>12,317,520</u>	<u>11,717,520</u>		

* See also Note 4.

(e) *Restricted Share Units ("RSU") Plan*

On November 6, 2018 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 2,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

No RSUs were granted during the six months ended November 30, 2020 and 2019.

9. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

(a) *Transactions with Key Management Personnel*

During the six months ended November 30, 2020 the Company incurred a total of \$328,849 (2019 - \$323,147) to key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$160,260 (2019 - \$169,940) to directors and officers compensation and capitalized \$168,589 (2019 - \$153,207) to exploration and evaluation assets. As at November 30, 2020 \$95,795 (May 31, 2020 - \$142,125) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO's 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 is payable. If the termination had occurred on November 30, 2020 the amount payable under the agreement would be \$420,000.

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9. Related Party Disclosures (continued)

The Company has a management agreement with its Chief Geologist and former President which provides that in the event the Chief Geologist's services are terminated without cause or upon a change of control of the Company, a termination payment of twelve months of compensation is payable. If the termination had occurred on November 30, 2020 the amount payable under the agreement would be AUD \$220,008.

- (b) During the six months ended November 30, 2020 the Company incurred a total of \$44,000 (2019 - \$32,400) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$2,010 (2019 - \$2,010) for rent. As at November 30, 2020 \$5,170 (May 31, 2020 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) See also Note 8(b).

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; and fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2020 \$	May 31, 2020 \$
Cash and cash equivalents	FVTPL	14,167,919	18,906,515
Accrued interest	Amortized cost	64,398	-
Investments	FVTPL	2,337,659	3,015,984
Bonds	Amortized cost	121,971	128,601
Accounts payable and accrued liabilities	Amortized cost	(786,061)	(1,160,239)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accrued interest, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and cash equivalents, investments and bonds approximate their fair value. The Company's fair value of cash and cash equivalents, and investments under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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10. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at November 30, 2020				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash and cash equivalents	14,167,919	-	-	-	14,167,919
Accrued interest	64,398	-	-	-	64,398
Investments	-	-	2,337,659	-	2,337,659
Bonds	-	-	121,971	-	121,971
Accounts payable and accrued liabilities	(786,061)	-	-	-	(786,061)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At November 30, 2020, 1 Canadian Dollar was equal to 1.05 AUD Dollar, 0.64 Euro, 6.57 SEK, and 0.77 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash and cash equivalents	565,600	97,829	54,811	123,905	860,783
GST/VAT receivable	105,031	4,834	358	-	107,637
Bonds	25,000	30,000	64,133	32,077	121,480
Accounts payable and accrued liabilities	(295,403)	(239,339)	(16,480)	-	(657,812)
	<u>400,228</u>	<u>(106,676)</u>	<u>102,822</u>	<u>155,982</u>	<u>432,088</u>

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10. Financial Instruments and Risk Management (continued)

Based on the net exposures as of November 30, 2020 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUD Dollar and US Dollar would result in the Company's net loss being approximately \$31,500 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Supplemental Cash Flow Information

During the six months ended November 30, 2020 and 2019 non-cash activities were conducted by the Company as follows:

	2020 \$	2019 \$
Operating activity		
Accounts payable and accrued liabilities	<u>494,737</u>	<u>256,896</u>
Investing activity		
Exploration and evaluation assets	<u>(494,737)</u>	<u>(256,896)</u>
Financing activities		
Issuance of share capital	145,083	-
Share issue costs	-	91,189
Share-based payments reserve	<u>(145,083)</u>	<u>(91,189)</u>
	<u>-</u>	<u>-</u>

12. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at November 30, 2020					
	Canada \$	Finland \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	13,807,032	203,666	639,072	144,857	8,571	14,803,198
Investments	2,337,659	-	-	-	-	2,337,659
Property, plant and equipment	-	76,953	47,166	-	-	124,119
Exploration and evaluation assets	-	34,920,795	2,935,201	-	-	37,855,996
Bonds	<u>-</u>	<u>46,793</u>	<u>23,824</u>	<u>41,588</u>	<u>9,766</u>	<u>121,971</u>
	<u>16,144,691</u>	<u>35,248,207</u>	<u>3,645,263</u>	<u>186,445</u>	<u>18,337</u>	<u>55,242,943</u>

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12. Segmented Information (continued)

	As at May 31, 2020					
	Canada	Finland	Australia	USA	Sweden	Total
	\$	\$	\$	\$	\$	\$
Current assets	18,635,032	340,953	32,518	174,593	8,181	19,191,277
Investments	3,015,984	-	-	-	-	3,015,984
Property, plant and equipment	-	49,288	42,345	-	-	91,633
Exploration and evaluation assets	-	33,750,489	1,249,149	-	-	34,999,638
Bonds	-	45,613	29,440	44,225	9,323	128,601
	<u>21,651,016</u>	<u>34,186,343</u>	<u>1,353,452</u>	<u>218,818</u>	<u>17,504</u>	<u>57,427,133</u>