
MAWSON GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2021

(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	February 28, 2021 \$	May 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		11,391,678	18,906,515
GST/VAT receivable		437,640	143,561
Prepaid expenses and deposits	4	<u>326,167</u>	<u>141,201</u>
Total current assets		<u>12,155,485</u>	<u>19,191,277</u>
Non-current assets			
Investments	5	2,704,776	3,015,984
Property, plant and equipment	6	142,492	91,633
Exploration and evaluation assets	7	41,313,200	34,999,638
Bonds		<u>120,618</u>	<u>128,601</u>
Total non-current assets		<u>44,281,086</u>	<u>38,235,856</u>
TOTAL ASSETS		<u>56,436,571</u>	<u>57,427,133</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>2,137,479</u>	<u>1,160,239</u>
TOTAL LIABILITIES		<u>2,137,479</u>	<u>1,160,239</u>
SHAREHOLDERS' EQUITY			
Share capital	8	88,720,662	88,122,934
Share-based payments reserve		9,170,529	9,115,859
Deficit		<u>(43,592,099)</u>	<u>(40,971,899)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>54,299,092</u>	<u>56,266,894</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>56,436,571</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 April 12, 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		Nine Months Ended	
		February 28, 2021 \$	February 29, 2020 \$	February 28, 2021 \$	February 29, 2020 \$
Expenses					
Accounting and administration	9(b)	21,968	20,829	98,074	71,904
Audit		-	8,990	58,320	46,018
Corporate advisory fee	4	223,252	-	750,434	-
Corporate development		48,649	78,873	313,101	181,599
Depreciation	6	1,876	5,854	7,505	17,562
Directors and officers compensation	9(a)	76,560	82,622	236,820	252,562
General exploration		12,380	208	150,876	8,282
Legal		51,469	33,174	117,117	114,881
Office and sundry		81,214	37,267	162,726	115,418
Professional fees		94,403	51,155	172,969	164,352
Regulatory fees		6,275	3,987	38,440	19,041
Rent		39,204	30,555	116,213	96,323
Salaries and benefits		-	4,776	2,814	39,384
Share-based compensation	8	25,500	748,750	199,753	748,750
Shareholder costs		4,572	3,999	22,552	29,322
Transfer agent		3,704	1,844	12,539	9,571
Travel		11,595	66,480	25,488	177,823
		<u>702,621</u>	<u>1,179,363</u>	<u>2,485,741</u>	<u>2,092,792</u>
Loss before other items		<u>(702,621)</u>	<u>(1,179,363)</u>	<u>(2,485,741)</u>	<u>(2,092,792)</u>
Other items					
Interest and other income		29,285	33,962	111,776	56,463
Foreign exchange		18,489	(4,091)	(19,667)	(29,301)
Impairment		-	(928,439)	-	(928,439)
Realized gain on sale investments	5(b)	68,037	-	68,037	-
Unrealized gain (loss) on investments	5(c)	<u>383,720</u>	<u>(1,749)</u>	<u>(294,605)</u>	<u>(22,927)</u>
		<u>499,531</u>	<u>(900,317)</u>	<u>(134,459)</u>	<u>(924,204)</u>
Net loss and comprehensive loss for the period		<u>(203,090)</u>	<u>(2,079,680)</u>	<u>(2,620,200)</u>	<u>(3,016,996)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>
Weighted average number of common shares outstanding		<u>255,782,162</u>	<u>191,915,009</u>	<u>255,184,382</u>	<u>164,838,124</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)

Nine Months Ended February 28, 2021					
	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	1,290,820	253,995	-	-	253,995
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	-	-	199,753	-	199,753
Net loss for the period	-	-	-	(2,620,200)	(2,620,200)
Balance at February 28, 2021	255,853,662	88,720,662	9,170,529	(43,592,099)	54,299,092

Nine Months Ended February 29, 2020					
	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:					
- private placement	49,376,749	7,900,280	-	-	7,900,280
- restricted share units	300,000	69,000	-	-	69,000
Share issue costs	-	(686,954)	-	-	(686,954)
Share-based compensation - broker warrants	-	-	91,189	-	91,189
Share-based compensation - share options	-	-	679,750	-	679,750
Net loss for the period	-	-	-	(3,016,996)	(3,016,996)
Balance at February 29, 2020	192,068,342	69,781,770	8,740,900	(41,587,555)	36,935,115

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)

	<u>Nine Months Ended</u>	
	<u>February 28,</u> <u>2021</u> \$	<u>February 29,</u> <u>2020</u> \$
Operating activities		
Net loss for the period	(2,620,200)	(3,016,996)
Adjustments for:		
Depreciation	7,505	17,562
Share-based compensation	199,753	679,750
Restricted share units conversion	-	69,000
Realized gain on sale of investments	(68,037)	-
Unrealized loss on investments	294,605	22,927
Foreign exchange	862	-
Changes in non-cash working capital items:		
GST/VAT receivables	(294,079)	(91,797)
Prepaid expenses and deposits	(184,966)	(110,800)
Accounts payable and accrued liabilities	(92,253)	(339,094)
Net cash used in operating activities	<u>(2,756,810)</u>	<u>(2,769,448)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(5,243,233)	(424,434)
Additions to property, plant and equipment	(59,200)	-
Refund of bonds	7,121	-
Proceeds on sale of investments	84,640	-
Net cash used in investing activities	<u>(5,210,672)</u>	<u>(424,434)</u>
Financing activities		
Issuance of common shares	452,645	7,900,280
Share issue costs	-	(595,765)
Net cash provided by financing activities	<u>452,645</u>	<u>7,304,515</u>
Net change in cash	(7,514,837)	4,110,633
Cash at beginning of period	<u>18,906,515</u>	<u>1,839,544</u>
Cash at end of period	<u>11,391,678</u>	<u>5,950,177</u>
Cash and cash equivalents comprises:		
Cash	2,018,909	5,950,177
Short-term redeemable investment certificates	9,372,769	-
	<u>11,391,678</u>	<u>5,950,177</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 NINE MONTHS ENDED FEBRUARY 28, 2021
(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 February 28, 2021 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 February 28, 2021 the Company had working capital in the amount of \$10,018,006. 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 February 28, 2021.

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
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021
(Unaudited - Expressed in Canadian Dollars)

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%

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FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021
(Unaudited - Expressed in Canadian Dollars)

4. Prepaid Expenses

	February 28, 2021 \$	May 31, 2020 \$
Corporate advisory fees	171,423	-
Other	<u>154,744</u>	<u>141,201</u>
	<u>326,167</u>	<u>141,201</u>

On April 24, 2020 the Company engaged an arm's length Swiss consulting firm (the "Consultant") to provide strategic consulting, media and business development services for a period of one month under which it paid \$122,410 (the "Initial Agreement"). On May 22, 2020 the Company agreed to amend and extend the services of the Consultant for a period of one year, expiring May 21, 2021, for an additional fee of EUR 450,000 (the "Amended Agreement"). During the nine months ended February 28, 2021 the Company paid the Consultant the payment of EUR 450,000 of which \$523,794 has been expensed as part of corporate advisory fees during the nine months ended February 28, 2021 and \$171,423 was included in prepaid expenses and deposits as at February 28, 2021. On June 1, 2020 the Company granted stock options to the Consultant to purchase 800,000 shares of the Company at \$0.38 per share, expiring June 1, 2023. 200,000 options vested immediately and the remaining 600,000 options are subject to vesting provisions.

5. Investments

<u>As at February 28, 2021</u>				
	Number	Cost \$	Unrealized Gain (Loss) \$	Carrying Value \$
Common shares				
Nagambie Resources Limited ("Nagambie")	50,000,000	1,572,500	1,125,151	2,697,651
Kingsmen Resources Limited ("Kingsmen")	37,500	<u>45,000</u>	<u>(37,875)</u>	<u>7,125</u>
		<u>1,617,500</u>	<u>1,087,276</u>	<u>2,704,776</u>
<u>As at May 31, 2020</u>				
	Number	Cost \$	Unrealized Gain (Loss) \$	Carrying Value \$
Common shares				
Nagambie	50,000,000	1,572,500	1,427,702	3,000,202
Kingsmen	37,500	45,000	(39,188)	5,812
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>(6,633)</u>	<u>9,970</u>
		<u>1,634,103</u>	<u>1,381,881</u>	<u>3,015,984</u>

- (a) Pursuant to a subscription agreement dated March 24, 2020 the Company subscribed for 50,000,000 ordinary shares of Nagambie (the "Nagambie Shares"). As consideration for the acquisition of the Nagambie Shares the Company issued Nagambie 8,500,000 common shares of the Company, at a fair value of \$1,572,500, which are subject to voluntary trading restrictions to be released in four equal tranches over a 22 month period. As long as the Company continues to hold the Nagambie Shares it maintains a right of refusal to take up or match proposals being considered over a 3,600 square kilometre tenement package held by Nagambie.
- (b) During the nine months ended February 28, 2021 the Company sold all of its 600,000 common shares of Thomson for proceeds of \$84,640 resulting in a gain of \$68,037.
- (c) During the nine months ended February 28, 2021 the Company recorded an unrealized loss of \$294,605 (February 29, 2020 - \$22,927) on its investments.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021
(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>59,200</u>	<u>59,200</u>
Balance at February 28, 2021	<u>152,971</u>	<u>292,227</u>	<u>445,198</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>(3,786)</u>	<u>(4,555)</u>	<u>(8,341)</u>
Balance at February 28, 2021	<u>(95,040)</u>	<u>(207,666)</u>	<u>(302,706)</u>
Carrying Value:			
Balance at May 31, 2020	<u>61,717</u>	<u>29,916</u>	<u>91,633</u>
Balance at February 28, 2021	<u>57,931</u>	<u>84,561</u>	<u>142,492</u>

7. Exploration and Evaluation Assets

	<u>As at February 28, 2021</u>			<u>As at May 31, 2020</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Rompas-Rajapalot	3,348,967	34,168,344	37,517,311	3,069,142	30,681,347	33,750,489
Australia						
Sunday Creek	731,529	768,384	1,499,913	652,501	19,625	672,126
Redcastle	35,914	1,092,267	1,128,181	-	1,158	1,158
Whroo JV	94,851	87,269	182,120	-	1,159	1,159
Mount Isa SE	<u>253,199</u>	<u>732,476</u>	<u>985,675</u>	<u>238,528</u>	<u>336,178</u>	<u>574,706</u>
	<u>4,464,460</u>	<u>36,848,740</u>	<u>41,313,200</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 NINE MONTHS ENDED FEBRUARY 28, 2021
(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	174,455	-	-	-	-	-	174,455
Consulting	158,395	-	-	-	-	-	158,395
Depreciation	-	-	-	-	836	-	836
Drilling	1,885,653	277,644	414,821	-	313,417	-	2,891,535
Exploration site	1,653	5,031	34,702	5,538	-	-	46,924
Field workers	65,006	-	-	-	-	-	65,006
Field equipment	15,496	21,866	37,963	-	6,223	-	81,548
Fuel	14,475	-	-	-	-	-	14,475
Geochemical	22,311	63,213	66,148	4,266	-	-	155,938
Geological	107,021	189,144	225,258	-	56,210	-	577,633
Geophysics	339,291	169,601	281,261	71,826	-	-	861,979
Preliminary economic assessment	56,232	-	-	-	-	-	56,232
Salaries and benefits	704,931	12,388	18,949	4,480	4,285	-	745,033
Travel	5,794	2,967	10,318	-	15,327	-	34,406
Vehicle rental	34,005	6,905	1,689	-	-	-	42,599
Government assistance	(97,721)	-	-	-	-	-	(97,721)
	<u>3,486,997</u>	<u>748,759</u>	<u>1,091,109</u>	<u>86,110</u>	<u>396,298</u>	<u>-</u>	<u>5,809,273</u>
Acquisition costs							
Mining rights	279,825	-	-	-	-	-	279,825
Payments	-	47,940	-	94,851	-	-	142,791
Permitting	-	31,088	35,914	-	14,671	-	81,673
	<u>279,825</u>	<u>79,028</u>	<u>35,914</u>	<u>94,851</u>	<u>14,671</u>	<u>-</u>	<u>504,289</u>
Balance at February 28, 2021	<u>37,517,311</u>	<u>1,499,913</u>	<u>1,128,181</u>	<u>182,120</u>	<u>985,675</u>	<u>-</u>	<u>41,313,200</u>

MAWSON GOLD LIMITED
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7. Exploration and Evaluation Assets (continued)

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

As at February 28, 2021 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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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.

(f) ***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 determined to impair all capitalized expenditures on the WUSA property and, accordingly, 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*

Nine Months Ended February 28, 2021

During the nine months ended February 28, 2021 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 February 28, 2021 and February 29, 2020 and the changes for the nine months ended on those dates, is as follows:

	2021		2020	
	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	(1,290,820)	0.20	-	-
Warrants expired	-	-	(25,286,531)	0.62
	53,752,309	0.34	26,968,104	0.24

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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 February 28, 2021:

Number	Exercise Price \$	Expiry Date
1,265,160	0.185	October 30, 2021
24,337,124	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>53,752,309</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 nine months ended February 28, 2021 the Company granted share options to purchase a total of 1,737,520 (February 29, 2020 - 6,797,500) common shares and recorded compensation expense of \$199,753 (February 29, 2020 - \$679,750) on the granting and vesting of these options. See also Note 4.

The fair value of share options granted and vested during the nine months ended February 28, 2021 and February 29, 2020 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.25% - 0.31%	1.59%
Estimated volatility	71% - 75%	64%
Expected life	2 years - 3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the nine months ended February 28, 2021 was \$0.18 (February 29, 2020 - \$0.10) per share option.

A summary of the Company's share options at February 28, 2021 and February 29, 2020 and the changes for the nine months ended on those dates, is as follows:

	<u>2021</u>		<u>2020</u>	
	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	0.31
Granted	1,737,520	0.39	6,797,500	0.23
Exercised	(805,000)	0.25	-	-
Expired / cancelled	(400,000)	0.39	(4,825,000)	0.35
Forfeited	<u>-</u>	-	<u>(490,000)</u>	0.275
Balance, end of period	<u>12,467,520</u>	0.27	<u>11,752,500</u>	0.25

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8. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at February 28, 2021:

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
150,000	150,000	0.37	January 18, 2024
<u>4,035,000</u>	<u>4,035,000</u>	0.275	February 12, 2024
<u>12,467,520</u>	<u>11,867,520</u>		

* See Note 4.

See also Note 13.

(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 nine months ended February 28, 2021.

On January 16, 2020 the Company granted 300,000 RSUs. The RSUs vested immediately and the Company issued one common share for each RSU granted. During the nine months ended February 29, 2020 the Company recognized \$69,000 as share-based compensation expense.

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.

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9. Related Party Disclosures (continued)

(a) *Transactions with Key Management Personnel*

During nine months ended February 28, 2021 and February 29, 2020 the following compensation amounts were incurred:

	2021 \$	2020 \$
Professional fees and salaries	454,770	477,617
Share-based compensation - share options	-	558,500
Share-based compensation - RSUs	-	69,000
	<u>454,770</u>	<u>1,105,117</u>

During the nine months ended February 28, 2021 the Company allocated the \$454,770 (February 29, 2020 - \$477,617) professional fees and salaries based on the nature of the services provided: expensed \$236,820 (February 29, 2020 - \$252,562) to directors and officers compensation and capitalized \$217,950 (February 29, 2020 - \$225,055) to exploration and evaluation assets. As at February 28, 2021, \$104,289 (May 31, 2020 - \$142,123) 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 February 28, 2021 the amount payable under the agreement would be \$420,000.

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 February 28, 2021 the amount payable under the agreement would be AUD \$220,008.

- (b) During the nine months ended February 28, 2021 the Company incurred a total of \$54,500 (February 29, 2020 - \$44,900) 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 \$3,015 (February 29, 2020 - \$3,015) for rent. As at February 28, 2021 \$335 (May 31, 2020 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.

During the nine months ended February 29, 2020 the Company also recorded \$12,000 for share-based compensation for share options granted to Chase.

- (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:

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10. Financial Instruments and Risk Management (continued)

Financial Instrument	Category	February 28, 2021 \$	May 31, 2020 \$
Cash and cash equivalents	FVTPL	11,391,678	18,906,515
Investments	FVTPL	2,704,776	3,015,984
Bonds	Amortized cost	120,618	128,601
Accounts payable and accrued liabilities	Amortized cost	(2,137,479)	(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 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:

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 February 28, 2021				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash and cash equivalents	11,391,678	-	-	-	11,391,678
Investments	-	-	2,704,776	-	2,704,776
Bonds	-	-	120,618	-	120,618
Accounts payable and accrued liabilities	(2,137,479)	-	-	-	(2,137,479)

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10. Financial Instruments and Risk Management (continued)

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 February 28, 2021, 1 Canadian Dollar was equal to 1.02 AUD Dollar, 0.66 Euro, 6.67 SEK, and 0.79 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash and cash equivalents	645,479	408,050	53,595	115,010	1,404,698
GST/VAT receivable	113,465	210,861	2,057	-	431,036
Bonds	25,000	30,000	64,133	32,077	120,618
Accounts payable and accrued liabilities	<u>(196,729)</u>	<u>(1,183,642)</u>	<u>(912)</u>	<u>-</u>	<u>(1,986,405)</u>
	<u>587,215</u>	<u>(534,731)</u>	<u>118,873</u>	<u>147,087</u>	<u>(30,053)</u>

Based on the net exposures as of February 28, 2021 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 \$21,000 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.

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11. Supplemental Cash Flow Information

During the nine months ended February 28, 2021 and February 29, 2020 non-cash activities were conducted by the Company as follows:

	2021 \$	2020 \$
Operating activity		
Accounts payable and accrued liabilities	<u>1,069,493</u>	<u>2,168,318</u>
Investing activity		
Exploration and evaluation assets	<u>(1,069,493)</u>	<u>(2,168,318)</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 February 28, 2021					
	Canada \$	Finland \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	10,151,098	1,109,589	744,496	141,769	8,533	12,155,485
Investments	2,704,776	-	-	-	-	2,704,776
Property, plant and equipment	-	95,326	47,166	-	-	142,492
Exploration and evaluation assets	-	37,517,311	3,795,889	-	-	41,313,200
Bonds	-	45,786	24,524	40,690	9,618	120,618
	<u>12,855,874</u>	<u>38,768,012</u>	<u>4,612,075</u>	<u>182,459</u>	<u>18,151</u>	<u>56,436,571</u>
	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>

13. Event after the End of the Reporting Period

On March 9, 2021 the Company granted share options to purchase a total of 100,000 common shares at an exercise price of \$0.26 per share expiring March 9, 2024.