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**MAWSON GOLD LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
MAY 31, 2024 AND 2023

*(Expressed in Canadian Dollars)*

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## Independent Auditor's Report

To the Shareholders of Mawson Gold Limited

### Opinion

We have audited the consolidated financial statements of Mawson Gold Limited (the “Company”), which comprise the consolidated statements of financial position as at May 31, 2024 and May 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and May 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended May 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Assessment of Impairment Indicators of Exploration and Evaluation Assets

#### *Description*

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. Impairment indicators were identified by management for the Rompas-Rajapalot project. During the year ended May 31, 2024, the Company discontinued the operations of the project via the sale of Mawson Oy, and recorded an impairment charge of \$ 39,020,951 to reduce the balance of exploration and evaluation assets to the net realizable amount received upon sale. Impairment indicators were identified by management for the Whroo JV project. An impairment charge of \$ 919,192 was recorded against the balance of exploration and evaluation assets recorded to the Whroo JV project. No impairment indicators were identified by management for the Skelleftea North, Sunday Creek, and Redcastle projects as of May 31, 2024.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at May 31, 2024 was \$ 20,522,968, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 7 to the consolidated financial statements.

#### *How the Key Audit Matter Was Addressed in the Audit*

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all option agreements and confirmed exploration claim listings included in option agreements with the related mining authorities.
- Obtained all mineral claim and permit listings held by the Company and confirmed a sample of the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had a working capital deficit of \$ 14,384,726, which included cash of \$ 15,497,519 and of which \$ 12,168,107 was attributed to its 49.6% owned subsidiary, Southern Cross Gold Ltd. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

We draw attention to Note 17 in the consolidated financial statements, which explains that certain comparative information presented for May 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

#### Other Information

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

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

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Vancouver, B.C.  
September 25, 2024

Chartered Professional Accountants

**MAWSON GOLD LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Canadian Dollars)*

	Note	May 31, 2024 \$	May 31, 2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		15,497,519	14,680,432
GST/VAT receivable		238,188	220,396
Prepaid expenses and other assets		<u>129,195</u>	<u>91,760</u>
<b>Total current assets</b>		<u>15,864,902</u>	<u>14,992,588</u>
<b>Non-current assets</b>			
Investments	5	492,506	1,896,771
Property, plant and equipment	6	3,256,581	2,096,311
Exploration and evaluation assets	7	20,522,968	56,160,996
Right of use assets	8	202,759	840,375
Bonds		<u>69,545</u>	<u>236,719</u>
<b>Total non-current assets</b>		<u>24,544,359</u>	<u>61,231,172</u>
<b>TOTAL ASSETS</b>		<u>40,409,261</u>	<u>76,223,760</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,380,052	1,739,932
Current portion of lease liabilities	8	<u>100,124</u>	<u>139,537</u>
<b>Total current liabilities</b>		<u>1,480,176</u>	<u>1,879,469</u>
<b>Non-current liabilities</b>			
Lease liabilities	8	<u>103,519</u>	<u>710,097</u>
<b>TOTAL LIABILITIES</b>		<u>1,583,695</u>	<u>2,589,566</u>
<b>EQUITY</b>			
Share capital	9	97,678,699	93,993,681
Share-based payments reserve		9,382,338	10,683,524
Equity attributable to parent		11,947,523	8,268,857
Foreign currency translation reserve		(602,677)	(431,946)
Deficit		<u>(96,569,072)</u>	<u>(52,750,309)</u>
Equity attributable to Company shareholders		21,836,811	59,763,807
Non-controlling interest	10	<u>16,988,755</u>	<u>13,870,387</u>
<b>TOTAL EQUITY</b>		<u>38,825,566</u>	<u>73,634,194</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>40,409,261</u>	<u>76,223,760</u>

**Nature of Operations and Going Concern** - see Note 1

**Events after the Reporting Period** - see Note 18

These consolidated financial statements were approved for issue by the Board of Directors on September 25, 2024 and are signed on its behalf by:

/s/ Noora Ahola  
Noora Ahola  
Director

/s/ Michael Hudson  
Michael Hudson  
Director

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

**MAWSON GOLD LIMITED**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
*(Expressed in Canadian Dollars)*

	Note	Year Ended	
		May 31, 2024 \$	May 31, 2023 \$
<b>Expenses</b>			
Accounting and administration	12(b)	233,197	232,548
Accretion of interest on lease liabilities		11,478	3,758
Audit		113,877	131,357
Corporate development		402,601	417,428
Depreciation and amortization		156,129	62,814
Directors and officers compensation	12	316,029	889,850
General exploration		468	519
Legal		403,754	118,967
Office and sundry		264,753	168,107
Professional fees		272,720	288,278
Regulatory fees		176,869	84,417
Rent		4,020	4,020
Salaries and benefits		887,078	381,404
Share-based compensation	9	2,341,645	1,623,705
Shareholder costs		51,637	20,267
Transfer agent		37,875	34,525
Travel		214,310	160,940
		<u>5,888,440</u>	<u>4,622,904</u>
<b>Loss from continuing operations before other items</b>		<u>(5,888,440)</u>	<u>(4,622,904)</u>
<b>Other items</b>			
Interest income		172,807	91,642
Foreign exchange		(184)	77,275
Impairment of exploration and evaluation assets	7	(919,192)	(938,489)
Unrealized loss on investments	5(b)	<u>(1,283,173)</u>	<u>(574,902)</u>
		<u>(2,029,742)</u>	<u>(1,344,474)</u>
<b>Loss from continuing operations</b>		<u>(7,918,182)</u>	<u>(5,967,378)</u>
<b>Loss from discontinued operations</b>	4	<u>(39,456,229)</u>	<u>(668,201)</u>
<b>Net loss for the year</b>		<u>(47,374,411)</u>	<u>(6,635,579)</u>
<b>Other comprehensive loss</b>			
Currency translation adjustment		<u>(344,212)</u>	<u>(896,716)</u>
<b>Comprehensive loss for the year</b>		<u>(47,718,623)</u>	<u>(7,532,295)</u>
<b>Net loss attributable to:</b>			
Shareholders of the Company		(43,818,763)	(4,953,433)
Non-controlling interest	10	<u>(3,555,648)</u>	<u>(1,682,146)</u>
<b>Net loss for the year</b>		<u>(47,374,411)</u>	<u>(6,635,579)</u>
<b>Comprehensive loss attributable to:</b>			
Shareholders of the Company		(43,989,494)	(5,401,791)
Non-controlling interest	10	<u>(3,729,129)</u>	<u>(2,130,504)</u>
<b>Comprehensive loss for the year</b>		<u>(47,718,623)</u>	<u>(7,532,295)</u>
<b>Loss per common share - see Note 11</b>			

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

**MAWSON GOLD LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
*(Expressed in Canadian Dollars)*

	<b>Year Ended May 31, 2024</b>							
	<b>Share Capital</b>							
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Equity Attributable to Parent \$	Foreign Currency Translation Reserve \$	Deficit \$	Non-controlling Interest \$	Total Equity \$
<b>Balance at May 31, 2023</b>	294,810,810	93,993,681	10,683,524	8,268,857	(431,946)	(52,750,309)	13,870,387	73,634,194
Common shares issued for:								
- share options	9,284,500	2,218,830	-	-	-	-	-	2,218,830
- warrants	1,100,010	165,002	-	-	-	-	-	165,002
Transfer on exercise of:								
- share options	-	1,235,185	(1,235,185)	-	-	-	-	-
- warrants	-	66,001	(66,001)	-	-	-	-	-
Share-based compensation:								
- share options	-	-	-	-	-	-	2,341,645	2,341,645
Currency translation adjustment	-	-	-	-	(170,731)	-	(173,481)	(344,212)
Net loss for the year	-	-	-	-	-	(43,818,763)	(3,555,648)	(47,374,411)
Change in ownership interest in subsidiary	-	-	-	3,678,666	-	-	4,505,852	8,184,518
<b>Balance at May 31, 2024</b>	<b>305,195,320</b>	<b>97,678,699</b>	<b>9,382,338</b>	<b>11,947,523</b>	<b>(602,677)</b>	<b>(96,569,072)</b>	<b>16,988,755</b>	<b>38,825,566</b>
	<b>Year Ended May 31, 2023</b>							
	<b>Share Capital</b>							
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Equity Attributable to Parent \$	Foreign Currency Translation Reserve \$	Deficit \$	Non- controlling Interest \$	Total Equity \$
<b>Balance at May 31, 2022</b>	293,590,800	93,723,078	9,402,625	2,839,864	16,412	(47,796,876)	7,329,366	65,514,469
Common shares issued for:								
- share options exercised	120,000	27,600	-	-	-	-	-	27,600
- warrants exercised	1,100,010	165,002	-	-	-	-	-	165,002
Transfer on exercise of:								
- share options	-	12,000	(12,000)	-	-	-	-	-
- warrants	-	66,001	(66,001)	-	-	-	-	-
Share-based compensation:								
- share options	-	-	1,358,900	-	-	-	370,865	1,729,765
Currency translation adjustment	-	-	-	-	(448,358)	-	(448,358)	(896,716)
Net loss for the year	-	-	-	-	-	(4,953,433)	(1,682,146)	(6,635,579)
Change in ownership interest in subsidiary	-	-	-	5,428,993	-	-	8,300,660	13,729,653
<b>Balance at May 31, 2023</b>	<b>294,810,810</b>	<b>93,993,681</b>	<b>10,683,524</b>	<b>8,268,857</b>	<b>(431,946)</b>	<b>(52,750,309)</b>	<b>13,870,387</b>	<b>73,634,194</b>

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



**MAWSON GOLD LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Expressed in Canadian Dollars)*

	<b>Year Ended May 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the year	(47,374,411)	(6,635,579)
Adjustments for:		
Depreciation and amortization	156,129	62,814
Impairment of exploration and evaluation assets	919,192	938,489
Foreign exchange	187,212	(483,742)
Share-based compensation	2,341,645	1,623,705
Accretion of interest on lease liability	11,478	3,758
Unrealized loss on investments	1,283,173	574,902
Loss from discontinued operations	39,456,229	668,201
Changes in non-cash working capital items:		
GST/VAT receivables	(17,792)	(83,188)
Prepaid expenses and other assets	(37,435)	(3,530)
Accounts payable and accrued liabilities	24,758	140,986
Cash used in continuing operations activities	(3,049,822)	(3,193,184)
Cash used in discontinued operations activities	(216,812)	(459,276)
<b>Net cash used in operating activities</b>	<b>(3,266,634)</b>	<b>(3,652,460)</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(11,038,994)	(5,129,571)
Additions to property, plant and equipment	(1,198,799)	(279,614)
Additions to bonds	(52,257)	(17,495)
Redemption of bonds	28,472	-
Proceeds from disposition of Mawson Oy	6,500,000	-
Cash relinquished on deposition of Mawson Oy	(92,277)	-
Investment purchases	-	(131,156)
Cash used in continuing investing activities	(5,853,855)	(5,557,836)
Cash used in discontinued investing activities	(795,939)	(1,786,050)
<b>Net cash used in investing activities</b>	<b>(6,649,794)</b>	<b>(7,343,886)</b>
<b>Financing activities</b>		
Issuance of common shares	2,383,832	192,602
Payments on lease liabilities	(100,097)	(18,798)
Net proceeds from Southern Cross issuances of common shares	8,184,518	13,729,653
Cash provided by continuing financing activities	10,468,253	13,903,457
Cash used in discontinued financing activities	(73,104)	(36,552)
<b>Net cash provided by financing activities</b>	<b>10,395,149</b>	<b>13,866,905</b>
<b>Effect of exchange rate changes on cash</b>	<b>338,366</b>	<b>(331,323)</b>
<b>Net change in cash</b>	<b>817,087</b>	<b>2,539,236</b>
Cash at beginning of year - continuing operations	14,665,374	11,828,958
Cash at beginning of year - discontinued operations	15,058	312,238
	14,680,432	12,141,196
Less cash at end of year - discontinued operations	-	15,058
<b>Cash at end of year - continuing operations</b>	<b>15,497,519</b>	<b>14,665,374</b>

**Supplemental cash flow information - Note 15**

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

**MAWSON GOLD LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**  
*(Expressed in Canadian Dollars)*

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**1. Nature of Operations and Going Concern**

Mawson Gold Limited (the “Company”) was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). The Company’s common shares were previously listed and traded on the Toronto Stock Exchange (“TSX”) under the symbol “MAW”. On January 3, 2024 the Company delisted its common shares from the TSX and, on January 4, 2024, the common shares were listed on the TSX Venture Exchange (“TSXV”) under the same 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 May 31, 2024 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 May 31, 2024 the Company had working capital in the amount of \$14,384,726, which included cash of \$15,497,519 and of which \$12,168,107 was attributed to its 49.6% owned subsidiary, Southern Cross Gold Ltd. (“Southern Cross”) and not available to fund the Company’s ongoing overhead expenses and planned exploration activities outside of Australia. These consolidated 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. Management considers that the Company may need to raise additional capital from the sale of common shares or other equity or debt instruments to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. The Company also 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. These uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. Such adjustments can be material.

On June 11, 2024 the Company entered into a proposed merger agreement with Southern Cross, as described in Note 18(b).

**2. Basis of Preparation**

***Statement of Compliance***

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRI Committee (“IFRIC”).

***Basis of Measurement***

The Company’s consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise stated.

**MAWSON GOLD LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**  
*(Expressed in Canadian Dollars)*

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**2. Basis of Preparation (continued)**

***Discontinued Operations***

Effective October 30, 2023 the Company entered into an agreement to sell its Finnish subsidiary, Mawson Oy. The segment of Mawson Oy meets the criteria of a discontinued operation under IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*. This operating segment was not previously classified as held-for-sale or as discontinued operations. The comparative consolidated statements of comprehensive loss and cash flows have been restated to show the discontinued operations separately from continuing operations. See also Note 4.

***Details of the Group and Non-controlling Interest***

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Non-controlling interest in the Company's less than wholly-owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

During fiscal 2024 the Company negotiated and completed the sale of its 100% owned subsidiary, Mawson Oy, as disclosed in Note 4. As at May 31, 2024 the significant subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Mawson AB	Sweden	100%
Euro Canna Holdings Ltd.	Canada	100%
Southern Cross Gold Ltd. and Australian subsidiaries (Notes 10 and 17(b))	Australia	49.6%

**3. Material Accounting Policies**

***Critical Judgments and Sources of Estimation Uncertainty***

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

**MAWSON GOLD LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Material Accounting Policies (continued)**

*Critical Judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Company's entities' functional currencies are the Canadian dollar and the Australian dollar, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.
- (iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- (v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 13.

*Estimation Uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.
- (ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at May 31, 2024 and 2023 there were no decommissioning liabilities.

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**3. Material Accounting Policies (continued)**

- (iii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2024 management made an impairment charge of \$40,084,009 (2023 - \$938,489) on certain of its exploration and evaluation assets, as described in Note 7.
- (iv) Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficiency).

***Cash and Cash Equivalents***

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at May 31, 2024 and 2023 the Company did not have any cash equivalents.

***Amounts Receivable***

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records a credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

***Accounts Payable and Accrued Liabilities***

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

***Exploration and Evaluation Assets***

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties, net of government assistance. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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**3. Material Accounting Policies (continued)**

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

***Government Assistance***

Amounts received or receivable resulting from government assistance programs, including grants, are recognized where there is reasonable assurance that the amount of government assistance will be received and that all attached conditions will be complied with. Government assistance is accounted for using the cost reduction approach whereby the amounts received or receivable each year are applied to reduce the cost of the related assets or related deferred expenditures or expenses.

***Property, Plant and Equipment***

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% - 50% for office furniture and equipment, field equipment and vehicles.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

***Leases***

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

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**3. Material Accounting Policies (continued)**

***Impairment of Assets***

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

***Decommissioning Provision***

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at May 31, 2024 and 2023 the Company does not have any decommissioning obligations.

***Financial Instruments***

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit and loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

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**3. Material Accounting Policies (continued)**

***Share Capital***

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

***Equity Financing***

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

***Share-Based Payment Transactions***

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

***Current and Deferred Income Taxes***

The tax expense comprises current and deferred tax. Tax is recognized separately in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

***Current Tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



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**3. Material Accounting Policies (continued)**

*Deferred Tax*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income (“OCI”) is recognized in equity or OCI and not in the statement of comprehensive loss.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

*Loss Per Share*

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

*Foreign Currency Translation*

*Functional and Presentation Currency*

The financial statements of each of the Company’s subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary’s functional currency. Each subsidiary’s functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar other than Southern Cross, where the functional currency is the Australian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. For foreign subsidiaries where the Canadian dollar is the functional currency, income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss. For Southern Cross, income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognized in the foreign currency translation reserve.

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**3. Material Accounting Policies** (continued)

*Foreign Currency Transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

*Adoption of New Accounting Standards*

*Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. There was no material impact to the Company's consolidated financial statements from the adoption of this amendments.

*Accounting Standards and Interpretations Issued but Not Yet Effective*

IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any other standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

**4. Disposal of Mawson Oy**

Pursuant to a share purchase agreement dated October 30, 2023 the Company agreed to sell all of the issued share capital and intercompany debt of Mawson Oy to Mawson Finland Limited ("Mawson Finland") (formerly *Springtide Capital Acquisitions 7 Inc.*) for \$6,500,000 cash (the "Springtide Transaction"). On December 19, 2023 (the "Closing") Mawson Finland paid \$6,500,000 to the Company and completed the Springtide Transaction pursuant to which Mawson Oy became a wholly-owned subsidiary of Mawson Finland.

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**4. Disposal of Mawson Oy (continued)**

(a) *Assets and Liabilities of Discontinued Operations*

Mawson Oy's assets and liabilities were stated at its net realizable value of \$6,500,000 prior to Closing as follows:

	\$
<b>Assets</b>	
Cash	92,277
VAT receivable	32,633
Prepaid expenses and deposits	54,587
Property, plant and equipment	45,444
Exploration and evaluation assets	6,490,760
Right of use asset	575,457
Bonds	<u>194,533</u>
<b>Total assets</b>	<u>7,485,691</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	(390,406)
Lease liability	<u>(595,285)</u>
<b>Total liabilities</b>	<u>(985,691)</u>
	<u>6,500,000</u>

(b) *Net Loss from Discontinued Operations*

	<u>Year Ended</u>	
	<u>May 31,</u> <u>2024</u>	<u>May 31,</u> <u>2023</u>
	\$	\$
<b>Expenses</b>		
Accounting and administration	16,163	32,565
Accretion of interest on lease liability	31,001	16,274
Audit	11,343	7,555
Corporate development	2,406	7,722
Depreciation and amortization	62,338	42,672
General exploration	-	52,130
Legal	8,275	46,505
Office and sundry	41,973	92,534
Professional fees	51,642	87,103
Rent	23,312	129,472
Salaries and benefits	10,570	10,699
Share-based compensation	-	104,000
Travel	23,887	22,389
Vehicles	<u>8,502</u>	<u>16,581</u>
	<u>291,412</u>	<u>668,201</u>
<b>Loss before other items</b>	<u>(291,412)</u>	<u>(668,201)</u>
<b>Other items</b>		
Impairment of exploration and evaluation assets	(39,020,951)	-
Foreign exchange	<u>(143,866)</u>	<u>-</u>
	<u>(39,164,817)</u>	<u>-</u>
<b>Net loss from discontinued operations</b>	<u>(39,456,229)</u>	<u>(668,201)</u>

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**5. Investments**

		<u>As at May 31, 2024</u>		
	<b>Number</b>	<b>Cost</b>	<b>Unrealized</b>	<b>Carrying</b>
		<b>\$</b>	<b>Loss</b>	<b>Value</b>
			<b>\$</b>	<b>\$</b>
Common shares				
Nagambie Resources Limited (“Nagambie”)	53,361,046	1,768,741	(1,282,798)	485,943
Kingsmen Resources Limited (“Kingsmen”)	18,750	<u>45,000</u>	<u>(38,437)</u>	<u>6,563</u>
		<u>1,813,741</u>	<u>(1,321,235)</u>	<u>492,506</u>
		<u>As at May 31, 2023</u>		
	<b>Number</b>	<b>Cost</b>	<b>Unrealized</b>	<b>Carrying</b>
		<b>\$</b>	<b>Gain (Loss)</b>	<b>Value</b>
			<b>\$</b>	<b>\$</b>
Common shares				
Nagambie	53,361,046	1,768,741	121,092	1,889,833
Kingsmen	18,750	<u>45,000</u>	<u>(38,062)</u>	<u>6,938</u>
		<u>1,813,741</u>	<u>83,030</u>	<u>1,896,771</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 ordinary shares of the Company, at a fair value of \$1,572,500. 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.

During fiscal 2022 and 2023 the Company purchased an additional 3,361,046 ordinary shares of Nagambie for \$196,241.

- (b) The carrying values of the investments were determined using quoted market values. During fiscal 2024 the Company recorded an unrealized loss of \$1,283,173 (2023 - \$574,902) on its investments held.

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**6. Property, Plant and Equipment**

<b>Cost:</b>	<b>Land</b>	<b>Office and Field Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at May 31, 2022	1,787,564	159,171	361,983	2,308,718
Additions	2,704	112,485	164,425	279,614
Foreign exchange movement	<u>(53,558)</u>	<u>7,037</u>	<u>(5,599)</u>	<u>(52,120)</u>
Balance at May 31, 2023	1,736,710	278,693	520,809	2,536,212
Additions	1,195,898	2,901	-	1,198,799
Disposition of Mawson Oy	-	(121,085)	(299,393)	(420,478)
Foreign exchange movement	<u>82,179</u>	<u>4,601</u>	<u>6,320</u>	<u>93,100</u>
Balance at May 31, 2024	<u>3,014,787</u>	<u>165,110</u>	<u>227,736</u>	<u>3,407,633</u>
<b>Accumulated Depreciation:</b>				
Balance at May 31, 2022	-	(118,507)	(254,846)	(373,353)
Depreciation	-	(15,889)	(42,753)	(58,642)
Foreign exchange movement	<u>-</u>	<u>(14,974)</u>	<u>7,068</u>	<u>(7,906)</u>
Balance at May 31, 2023	-	(149,370)	(290,531)	(439,901)
Depreciation	-	(30,088)	(51,998)	(82,086)
Disposition of Mawson Oy	-	119,464	255,570	375,034
Foreign exchange movement	<u>-</u>	<u>(1,674)</u>	<u>(2,425)</u>	<u>(4,099)</u>
Balance at May 31, 2024	<u>-</u>	<u>(61,668)</u>	<u>(89,384)</u>	<u>(151,052)</u>
<b>Carrying Value:</b>				
Balance at May 31, 2023	<u>1,736,710</u>	<u>129,323</u>	<u>230,278</u>	<u>2,096,311</u>
Balance at May 31, 2024	<u>3,014,787</u>	<u>103,442</u>	<u>138,352</u>	<u>3,256,581</u>

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7. **Exploration and Evaluation Assets**

<b>As at May 31, 2024</b>				
	<b>Acquisition Costs \$</b>	<b>Deferred Exploration Costs \$</b>	<b>Foreign Exchange Movement \$</b>	<b>Total \$</b>
Sweden				
Skelleftea North	70,357	281,381	-	351,738
Other	40,748	7,134	-	47,882
Australia				
Sunday Creek	799,058	17,281,134	281,602	18,361,794
Redcastle	56,244	1,722,606	(17,296)	1,761,554
	<u>996,407</u>	<u>19,292,255</u>	<u>264,306</u>	<u>20,522,968</u>
<b>As at May 31, 2023</b>				
	<b>Acquisition Costs \$</b>	<b>Deferred Exploration Costs \$</b>	<b>Foreign Exchange Movement \$</b>	<b>Total \$</b>
Finland				
Rajapalot	3,935,930	40,888,935	-	44,824,865
Sweden				
Skelleftea North	70,357	258,979	-	329,336
Other	40,748	-	-	40,748
Australia				
Sunday Creek	780,616	8,222,758	(303,680)	8,699,694
Redcastle	39,601	1,586,580	(73,446)	1,552,735
Whroo JV	107,352	637,994	(31,728)	713,618
	<u>4,974,604</u>	<u>51,595,246</u>	<u>(408,854)</u>	<u>56,160,996</u>

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**7. Exploration and Evaluation Assets (continued)**

	<u>Finland</u>	<u>Sweden</u>		<u>Australia</u>			<u>Total</u> \$	
	<u>Rajapalot</u> \$	<u>Skelleftea</u> <u>North</u> \$	<u>Other</u> \$	<u>Sunday Creek</u> \$	<u>Redcastle</u> \$	<u>Whroo JV</u> \$		<u>Mount Isa SE</u> \$
<b>Balance at May 31, 2022</b>	<u>43,015,492</u>	<u>70,357</u>	<u>-</u>	<u>3,585,694</u>	<u>1,489,950</u>	<u>595,231</u>	<u>886,474</u>	<u>49,643,198</u>
<b>Exploration costs</b>								
Assays	84,894	26,877	-	-	-	-	-	111,771
Consulting	734,826	55,745	-	697,342	36,151	25,167	16,342	1,565,573
Drilling	89,944	145,815	-	3,257,194	-	-	-	3,492,953
Exploration site	2,266	-	-	230,858	18,984	46,702	377	299,187
Field equipment	3,159	-	-	122,401	3,266	1,845	-	130,671
Field workers	33,418	-	-	-	-	-	-	33,418
Fuel	9,534	-	-	15,527	2,390	1,207	-	28,658
Geochemical	100,998	-	-	370,379	4,559	-	-	475,936
Geological	33,892	11,852	-	49,619	-	10,077	-	105,440
Geophysics	47,157	18,690	-	29,052	-	-	-	94,899
Metallurgy	-	-	-	43,488	-	-	-	43,488
Salaries and benefits	502,064	-	-	458,667	29,533	43,193	-	1,033,457
Travel	7,528	-	-	24,703	3,539	3,529	865	40,164
Vehicle rental and other	10,174	-	-	20,712	2,745	832	-	34,463
Government assistance	(102,343)	-	-	-	-	-	-	(102,343)
	<u>1,557,511</u>	<u>258,979</u>	<u>-</u>	<u>5,319,942</u>	<u>101,167</u>	<u>132,552</u>	<u>17,584</u>	<u>7,387,735</u>
<b>Acquisition costs</b>								
Mining rights	251,862	-	40,748	16,555	1,330	4,086	32,615	347,196
<b>Foreign exchange movement</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,497)</u>	<u>(39,712)</u>	<u>(18,251)</u>	<u>1,816</u>	<u>(278,644)</u>
<b>Impairment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(938,489)</u>	<u>(938,489)</u>
<b>Balance at May 31, 2023</b>	<u>44,824,865</u>	<u>329,336</u>	<u>40,748</u>	<u>8,699,694</u>	<u>1,552,735</u>	<u>713,618</u>	<u>-</u>	<u>56,160,996</u>
<b>Exploration costs</b>								
Assays	102,133	-	-	-	-	-	-	102,133
Consulting	111,803	-	-	1,375,793	1,215	4,063	-	1,492,874
Drilling	-	-	-	5,148,516	-	-	-	5,148,516
Exploration site	15,535	-	-	293,422	43,428	3,355	-	355,740
Field equipment	8,113	-	-	256,220	3,945	-	-	268,278
Field workers	34,947	-	-	-	-	-	-	34,947
Fuel	6,168	-	-	20,347	3,074	84	-	29,673
Geochemical	8,917	-	-	884,519	-	-	-	893,436
Geological	16,892	22,402	7,134	294,123	20,702	-	-	361,253
Metallurgy	-	-	-	29,806	-	-	-	29,806
Salaries and benefits	256,902	-	-	726,178	57,846	-	-	1,040,926
Travel	529	-	-	15,305	3,082	-	-	18,916
Vehicle rental and other	-	-	-	14,147	2,734	-	-	16,881
	<u>561,939</u>	<u>22,402</u>	<u>7,134</u>	<u>9,058,376</u>	<u>136,026</u>	<u>7,502</u>	<u>-</u>	<u>9,793,379</u>
<b>Acquisition costs</b>								
Mining rights	124,907	-	-	18,442	16,643	267,015	-	427,007
<b>Foreign exchange movement</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,282</u>	<u>56,150</u>	<u>(68,943)</u>	<u>-</u>	<u>572,489</u>
<b>Impairment provision</b>	<u>(39,020,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(919,192)</u>	<u>-</u>	<u>(39,940,143)</u>
<b>Disposition of Mawson Oy</b>	<u>(6,490,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,490,760)</u>
<b>Balance at May 31, 2024</b>	<u>-</u>	<u>351,738</u>	<u>47,882</u>	<u>18,361,794</u>	<u>1,761,554</u>	<u>-</u>	<u>-</u>	<u>20,522,968</u>

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**7. Exploration and Evaluation Assets (continued)**

(a) ***Rajapalot, Finland***

Through Mawson Oy, the Company held claims and exploration permits (the Rajapalot Gold Project”) in northern Finland. On October 30, 2023 the Company agreed to sell Mawson Oy, as described in Note 4. Accordingly, during fiscal 2024, the Company recorded an impairment provision of \$39,020,951 to the Rajapalot Gold Project to reflect its net realizable value of \$6,490,760, which was then realized on the Closing.

(b) ***Skelleftea North, Sweden***

Effective December 24, 2021, as amended on October 19, 2023, the Company entered into an option agreement whereby it was granted the right to earn up to an 85% interest in four mineral permits (the “Skelleftea North Project”) located in the Skelleftea Mining District of Northern Sweden. Pursuant to the option agreement the Company has paid \$20,000 cash and issued 260,000 common shares of the Company at a fair value of \$40,300 and may earn the following interests:

- (i) an initial 75% interest by incurring \$3,000,000 in exploration expenditures over four years, provided that a minimum \$220,000 is incurred in year one (met) and \$280,000 on or before December 24, 2024; and
- (ii) an additional 10% interest by completion of a National Instrument 43-101 compliant pre-feasibility or feasibility study within 10 years.

Following the Company earning an 85% interest a joint venture will be formed and the parties will contribute ongoing funding of their respective interests. Shortfalls in contributions will be subject to dilution. Should either party be diluted to below a 10% interest, its interest will be converted to a 2% NSR. The non-diluting party will hold the right to acquire a 1% NSR for \$1,500,000 at any time that is 12 months after commercial production.

(c) ***Australia Projects***

The Company’s Australian mineral interests are held by Southern Cross as follows:

(i) ***Sunday Creek Project***

Pursuant to an acquisition agreement, dated March 24, 2020 the Company acquired 100% of the shares in Clonbinane 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. Clonbinane’s sole asset was the Sunday Creek Project.

(ii) ***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 AUD \$1,000,000 of exploration expenditures on the Redcastle property by the fifth year.

The Company has incurred the requisite total exploration expenditures to earn the 70% interest in the Redcastle property and 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.



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**7. Exploration and Evaluation Assets (continued)**

(iii) *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”).

Pursuant to the Whroo JV Agreement the Company had the option to earn up to a 70% joint venture interest in the Whroo JV by making cash payments totalling AUD \$250,000 (AUD \$100,000 paid) over four years ending December 31, 2024 and incurring the following exploration expenditures: AUD \$400,000 in the first year, ending on December 2, 2021, 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 would provide notice to the other to form a joint venture (“JV”) under which the percentage ownership of each of Nagambie and the Company would 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.

In April 2024 Nagambie was notified by the Company that it would not proceed with the Whroo JV Agreement and has, accordingly, recorded an impairment provision of \$919,192 during fiscal 2024 for all capitalized exploration and evaluation costs incurred on the Whroo JV.

(iv) *Mount Isa SE, Australia*

The Company holds six exploration prospecting licenses (“EPMs”) (collectively “Mount Isa SE”) in the Mount Isa Mineral District, Queensland, Australia.

During fiscal 2023 the Company determined to impair all capitalized expenditures on the Mount Isa SE project and, accordingly, recorded an impairment of \$938,489 for all acquisition and exploration costs incurred.

(v) *Commitments*

Australia tenement spending commitments are subject to renegotiation when an application for a mining lease and/or renewal of exploration permits are made or at other times and are subject to whether the Company decides to continue a tenement’s rights until its expiry. The amounts detailed below are the minimum expenditures required to maintain ownership of the current tenements held as at May 31, 2024.

	AUD \$
Within one year	1,256,200
One to five years	<u>1,510,500</u>
Total	<u>2,766,700</u>

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**8. Right of Use Assets**

	\$
<b>Cost:</b>	
Balance at May 31, 2022	-
Additions	897,692
Foreign exchange movement	<u>(10,813)</u>
Balance at May 31, 2023	886,879
Additions	68,342
Disposition of Mawson Oy	(657,666)
Foreign exchange movement	<u>8,651</u>
Balance at May 31, 2024	<u>306,206</u>
<b>Accumulated amortization:</b>	
Balance at May 31, 2022	-
Amortization	(46,844)
Foreign exchange movement	<u>340</u>
Balance at May 31, 2023	(46,504)
Amortization	(136,381)
Disposition of Mawson Oy	82,209
Foreign exchange movement	<u>(2,771)</u>
Balance at May 31, 2024	<u>(103,447)</u>
<b>Carrying value:</b>	
Balance at May 31, 2023	<u>840,375</u>
Balance at May 31, 2024	<u>202,759</u>

The Company has lease contracts for office and warehouse premises. It does not have any subleases. As at May 31, 2024 the lease liabilities have remaining lease terms of approximately three years or less and were determined using an effective interest rate of 5%.

	<u>Year Ended May 31,</u>	
	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	849,634	-
Additions	69,807	897,692
Accretion of interest	39,620	20,032
Payments	(100,097)	(55,350)
Disposition of Mawson Oy	(595,285)	-
Foreign exchange movement	<u>(60,036)</u>	<u>(12,740)</u>
Balance, end of year	<u>203,643</u>	<u>849,634</u>
Current portion of lease liabilities	100,124	139,537
Non-current portion of lease liabilities	<u>103,519</u>	<u>710,097</u>
Total lease liabilities	<u>203,643</u>	<u>849,634</u>

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**8. Right of Use Assets (continued)**

As at May 31, 2024 the total of future minimum lease payments under the lease are as follows:

	\$
Less than one year	102,759
Greater than one year	<u>118,808</u>
	<u>221,567</u>

**9. 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*

The Company did not conduct any equity financings during fiscal 2024 or fiscal 2023.

(c) *Warrants and Lead Manager / Broker Options*

(i) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2024 and 2023 and the changes for the years ended on those dates, is as follows:

	<u>2024</u>		<u>2023</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	1,100,010	0.15	2,200,020	0.15
Exercised	<u>(1,100,010)</u>	0.15	<u>(1,100,010)</u>	0.15
Balance, end of year	<u>-</u>	-	<u>1,100,010</u>	0.15

(ii) During fiscal 2023 Southern Cross issued 3,000,000 options (the "Lead Manager Options") to its broker in connection with its private placement conducted in November 2022, as described in Note 9. Each Lead Manager Option entitles the holder to purchase an additional ordinary share of Southern Cross at a price of AUD \$0.87 per share until November 28, 2025. The fair value of the Broker Options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 3.13%; expected volatility of 120%; an expected life of 3 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the Lead Manager Options was \$1,258,076. The weighted average fair value of the Lead Manager Options issued was \$0.42 per Lead Manager Option. During fiscal 2024, 1,795,000 Lead Manager Options were exercised and Southern Cross received AUD \$1,561,650. As at May 31, 2024 1,205,000 Lead Manager options remained unexercised.

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**9. Share Capital (continued)**

During fiscal 2022 Southern Cross issued 6,500,000 options (the “Broker Options”) to its lead broker in connection with its IPO. Each Broker Option entitles the holder to purchase an additional ordinary share of Southern Cross at a price of AUD \$0.30 per share until May 5, 2025. The fair value of the Broker Options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.66%; expected volatility of 80%; an expected life of 3 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the Broker Options was \$472,377. The weighted average fair value of the Broker Options issued was \$0.075 per Broker Option. During fiscal 2024, 2,597,749 Broker Options were exercised and Southern Cross received AUD \$779,325. As at May 31, 2024 3,902,251 Broker Options remained unexercised.

(d) *Share Option Plan*

- (i) 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 8(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.

No share options were granted during fiscal 2024 and no share compensation expense was recorded.

During fiscal 2023 the Company granted share options to purchase a total of 10,670,000 common shares and recognized compensation expense of \$1,358,900, of which \$1,254,400 was included in share-based compensation and \$104,500 was included in loss from discontinued operations. The fair value of Company share options granted and vested during fiscal 2023 was estimated using the Black-Scholes option pricing model using the following assumptions: a risk-free interest rate of 3.74%; - 3.58%; estimated volatility of 76% - 78%; expected life of 3 years; expected dividend yield of 0%; and estimated forfeiture rate or 0%.

The weighted average measurement date fair value of all share options granted during fiscal 2023 was \$0.13 per share option.

A summary of the Company’s share options at May 31, 2024 and 2023 and the changes for the years ended on those dates, is as follows:

	<u>2024</u>		<u>2023</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	16,500,000	0.26	13,297,520	0.27
Granted	-	-	10,670,000	0.23
Exercised	(9,284,500)	0.24	(120,000)	0.23
Expired	<u>(3,672,500)</u>	0.32	<u>(7,347,520)</u>	0.24
Balance, end of year	<u>3,543,000</u>	0.24	<u>16,500,000</u>	0.26

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**9. Share Capital (continued)**

The following table summarizes information about the Company share options outstanding and exercisable at May 31, 2024:

Number Outstanding and Exercisable	Exercise Price \$	Expiry Date
900,000	0.24	August 22, 2024
<u>2,643,000</u>	0.24	February 10, 2026
<u>3,543,000</u>		

See also Note 18(a).

- (ii) During fiscal 2024 Southern Cross granted share options to purchase a total of 7,050,000 (2023 - nil) ordinary shares of Southern Cross and recorded compensation expense of \$2,214,029 (2023 - \$nil).

During fiscal 2024 Southern Cross recorded additional compensation expense of \$127,616 (2023 - \$368,805) on the vesting of share options previously granted.

A summary of Southern Cross share options at May 31, 2024 and 2023 and the changes for the years ended on that date, is as follows:

	<u>2024</u>		<u>2023</u>	
	Number of Options Outstanding	Weighted Average Exercise Price AUD \$	Number of Options Outstanding	Weighted Average Exercise Price AUD \$
Balance, beginning of year	8,349,999	0.30	8,970,000	0.30
Granted	7,050,000	1.05	-	-
Exercised	(500,000)	0.66	(206,667)	0.30
Forfeited	<u>-</u>	<u>-</u>	<u>(413,334)</u>	0.30
Balance, end of year	<u>14,899,999</u>	0.64	<u>8,349,999</u>	0.30

The following table summarizes information about Southern Cross share options outstanding and exercisable at May 31, 2024:

Number	Exercise Price AUD \$	Expiry Date
2,783,333	0.30	May 5, 2025
2,783,333	0.30	May 5, 2026
1,500,000	0.66	August 15, 2026
1,500,000	1.20	October 23, 2026
3,550,000	1.20	November 7, 2026
<u>2,783,333</u>	0.30	May 5, 2027
<u>14,899,999</u>		

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**9. Share Capital (continued)**

(e) *Restricted Share Units (“RSU”) Plan*

On November 6, 2018 the Company adopted a restricted share unit plan (the “RSU Plan”). 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. As of May 31, 2024 the Company has been authorized to issued up to 2,000,000 RSUs.

No RSUs have been awarded during fiscal 2024 and 2023.

**10. Non-controlling Interests**

During fiscal 2022 the Company determined to restructure its Australian assets into a new entity which would conduct an IPO in Australia and a listing of its ordinary shares on the Australian Stock Exchange (“ASX”). On July 21, 2021 the Company incorporated Southern Cross as a wholly-owned Australian subsidiary. On August 9, 2021 the Company transferred its shareholdings in its 100% owned Australian subsidiaries, Mawson Queensland Pty Ltd. (“Queensland”), Mawson Victoria Pty Ltd. (“Victoria”) and Clonbinane Goldfield Pty Ltd. (“Clonbinane”), to Southern Cross. On December 29, 2021 the Company transferred its holdings in Nagambie shares to Southern Cross. During fiscal 2022 Southern Cross conducted a number of private placements and its initial public offering and the Company’s interest in Southern Cross was diluted from 100% to 60%.

In fiscal 2023 Southern Cross completed a private placement of its common shares further diluting the Company’s interest to 50.99%. In fiscal 2024 Southern Cross completed a private placement and a rights offering, issued ordinary shares for the exercise of share options, Lead Manager Options and Broker Options and, as a result, the Company’s ownership interest was diluted to 49.6% as at May 31, 2024. Due to the distribution of the ownership in Southern Cross, the reductions in the Company’s ownership interest did not result in a loss of control and has been recorded as equity transactions.

The following is a continuity of Southern Cross’ non-controlling interest:

	\$
Balance at May 31, 2022	7,329,366
Non-controlling interest adjustment for change in ownership interests	8,300,660
Share-based compensation adjustment	370,865
Currency translation adjustment	(448,358)
Share of loss for the period June 1, 2022 to May 31, 2023	<u>(1,682,146)</u>
Balance at May 31, 2023	13,870,387
Non-controlling interest adjustment for change in ownership interests	4,505,852
Share-based compensation adjustment	2,341,645
Currency translation adjustment	(173,481)
Share of loss for the period June 1, 2023 to May 31, 2024	<u>(3,555,648)</u>
Balance at May 31, 2024	<u>16,988,755</u>

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**10. Non-controlling Interests (continued)**

The following table summarizes the consolidated assets and liabilities of Southern Cross and the share of net liabilities which are attributable to the non-controlling interest as at May 31, 2024 and 2023.

	2024 \$	2023 \$
<b>Assets</b>		
Current	12,384,719	13,612,255
Non-current	<u>24,361,793</u>	<u>15,144,781</u>
	36,746,512	28,757,036
<b>Liabilities</b>		
Current	(1,338,259)	(1,238,564)
Non-current	<u>(103,519)</u>	<u>(159,064)</u>
<b>Net assets</b>	<u>35,304,734</u>	<u>27,359,408</u>
Non-controlling interest percentage	<u>50.4%</u>	<u>49.01%</u>
	2024 \$	2023 \$
Non-controlling interest in net assets	17,793,586	13,406,110
Adjustment for NCI contributed surplus	<u>(804,831)</u>	<u>464,277</u>
Non-controlling interest for the year	<u>16,988,755</u>	<u>13,870,387</u>

The following table presents the loss and comprehensive loss attributable to the non-controlling interest for the years ended May 31, 2024 and 2023.

	2024 \$	2023 \$
Loss for the year - non-controlling interest	(3,555,648)	(1,682,146)
Currency translation adjustment	<u>(173,481)</u>	<u>(448,358)</u>
Comprehensive loss for the year	<u>(3,729,129)</u>	<u>(2,130,504)</u>

The following table presents the cash flows of Southern Cross for the years ended May 31, 2024 and 2023:

	2024 \$	2023 \$
Cash flow from:		
Operating activities	(2,233,479)	(1,846,008)
Investing activities	(10,824,642)	(5,126,898)
Financing activities	11,440,140	13,497,798

See also Note 18(b).

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**11. Loss per Common Share**

	2024 \$	2023 \$
Numerator		
Loss from continuing operations	(7,918,182)	(5,967,378)
Income from discontinued operations	<u>(39,456,229)</u>	<u>(668,201)</u>
Net loss attributable to shareholders	<u>(47,374,411)</u>	<u>(6,635,579)</u>
Denominator		
For basic weighted average number of common shares outstanding	299,281,869	293,829,706
Effect of dilutive stock options	<u>-</u>	<u>-</u>
For diluted weighted average number of common shares outstanding	<u>299,281,869</u>	<u>293,829,706</u>
Basic and diluted loss per common share from continuing operations	<u>(0.03)</u>	<u>(0.02)</u>
Basic and diluted loss per common share from discontinued operations	<u>(0.13)</u>	<u>(0.00)</u>

**12. 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 fiscal 2024 the Company incurred a total of \$280,923 (2023 - \$729,160) to current and former key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$212,420 (2023 - \$608,268) to directors and officers compensation and capitalized \$68,503 (2023 - \$120,892) to exploration and evaluation assets. As at May 31, 2024 \$31,500 (2023 - \$53,466) remained unpaid and has been included in accounts payable and accrued liabilities.

In addition during fiscal 2023 the Company recorded share-based compensation of \$1,174,300 on the granting of share options and RSUs to its key management personnel.

The Company has a management agreement with its Chairman which provides that in the event the Chairman's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation is payable. If the termination had occurred on May 31, 2024 the amount payable under the agreement would be \$120,000.

(b) During fiscal 2024 the Company incurred a total of \$64,000 (2023 - \$73,500) 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 \$4,020 (2023 - \$4,020) for rent. As at May 31, 2024 \$4,670 (2023 - \$4,820) remained unpaid and has been included in accounts payable and accrued liabilities.

In addition during fiscal 2023 the Company recorded share-based compensation of \$32,500 on the granting of share options to Chase.

(c) During fiscal 2024 Southern Cross incurred a total of \$243,787 (2023 - \$281,582) for fees to a director and officer who is also a current officer of the Company, of which \$103,609 (2023 - \$281,852) have been expensed to director and officer compensation and \$140,178 (2023 - \$nil) capitalized to exploration and evaluation assets.

In addition the Company also recorded \$588,447 (2023 - \$167,447) share-based compensation for the granting and vesting of Southern Cross share options to this individual.



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**13. Income Taxes**

Deferred income tax assets and liabilities of the Company as at May 31, 2024 and 2023 are as follows:

	2024 \$	2023 \$
Deferred income tax assets (liabilities)		
Losses carried forward	15,295,900	17,367,900
Financing costs	191,000	403,200
Difference between book value and income tax costs of exploration and evaluation assets	<u>(6,111,100)</u>	<u>(3,362,200)</u>
	9,375,800	14,408,900
Valuation allowance	<u>(9,375,800)</u>	<u>(14,408,900)</u>
Net deferred income tax asset	<u>-</u>	<u>-</u>

The recovery of income taxes shown in the consolidated statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2024	2023
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>27.0%</u>	<u>27.0%</u>

	2024 \$	2023 \$
Expected income tax recovery	12,791,100	1,791,600
Foreign income tax rate differences	(2,816,000)	67,300
Non-deductible share-based compensation	(702,500)	(477,500)
Other	215,500	216,300
Unrecognized benefit of income tax losses	<u>(9,488,100)</u>	<u>(1,597,700)</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at May 31, 2024 the Company has non-capital losses of approximately \$21,313,300 (2023 - \$19,742,200), allowable capital losses of approximately \$48,340,600 (2023 - \$507,000) and tax pools of approximately \$286,700 (2023 - \$879,900) carried forward for Canadian income tax purposes and are available to reduce taxable income in future years. The non-capital losses expire commencing in 2026 through 2044. The allowable capital losses and tax pools can be carried forward indefinitely.

The Company's subsidiaries have incurred losses for tax purposes, as follows:

Country	2024		2023	
	\$	Expiry	\$	Expiry
Sweden	7,425,400	Indefinite	7,354,600	Indefinite
Finland	-	N/A	31,811,400	2024 - 2033
Australia	26,705,500	Indefinite	14,087,500	Indefinite

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**14. 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:

<b>Financial Instrument</b>	<b>Category</b>	<b>May 31, 2024 \$</b>	<b>May 31, 2023 \$</b>
Cash	FVTPL	15,497,519	14,680,432
Investments	FVTPL	492,506	1,896,771
Bonds	Amortized cost	69,545	236,719
Accounts payable and accrued liabilities	Amortized cost	(1,380,052)	(1,739,932)
Lease liabilities	Amortized cost	(203,643)	(849,634)

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 lease liabilities approximate their fair value and they have interest at market rates for similar debt. The recorded amounts for cash, investments and bonds approximate their fair value. The Company’s fair value of cash, 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.

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**14. Financial Instruments and Risk Management (continued)**

	Contractual Maturity Analysis at May 31, 2024				Total \$
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	
Cash	15,497,519	-	-	-	15,497,519
Investments	-	-	492,506	-	492,506
Bonds	-	-	69,545	-	69,545
Accounts payable and accrued liabilities	(1,380,052)	-	-	-	(1,380,052)
Lease liabilities	(25,031)	(75,093)	(103,519)	-	(203,643)

*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 May 31, 2024, 1 Canadian Dollar was equal to 1.10 AUD Dollar, 7.63 SEK, and 0.73 US Dollar.

Balances are as follows:

	AUD Dollars	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	13,361,709	70,303	3,499	12,161,016
GST/VAT receivable	235,537	112	-	214,139
Bonds	50,664	64,612	11,010	69,545
Accounts payable and accrued liabilities	<u>(1,359,587)</u>	<u>(19,000)</u>	<u>(254)</u>	<u>(1,238,825)</u>
	<u>12,288,323</u>	<u>116,027</u>	<u>14,255</u>	<u>11,205,875</u>

Based on the net exposures as of May 31, 2024 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the SEK, AUD Dollar and US Dollar would result in the Company's net income or loss being approximately \$1,142,000 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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**15. Supplemental Cash Flow Information**

During fiscal 2024 and 2023 non-cash activities were conducted by the Company as follows:

	2024 \$	2023 \$
Operating activities		
Accounts payable and accrued liabilities	421,119	819,310
Lease liability	<u>68,342</u>	<u>897,692</u>
	<u>489,461</u>	<u>1,717,002</u>
Investing activities		
Exploration and evaluation assets	(421,119)	(897,692)
Addition to right of use asset	<u>(68,342)</u>	<u>(819,310)</u>
	<u>(489,461)</u>	<u>(1,717,002)</u>
Financing activities		
Issuance of common shares	1,301,186	78,001
Share-based payments reserve	<u>(1,301,186)</u>	<u>(78,001)</u>
	<u>-</u>	<u>-</u>

**16. 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 May 31, 2024				
	Canada \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	3,470,815	12,384,719	-	9,368	15,864,902
Investments	6,563	485,943	-	-	492,506
Property, plant and equipment	-	3,256,581	-	-	3,256,581
Exploration and evaluation assets	-	20,123,348	-	399,620	20,522,968
Right of use assets	-	202,759	-	-	202,759
Bonds	-	<u>46,138</u>	<u>14,941</u>	<u>8,466</u>	<u>69,545</u>
	<u>3,477,378</u>	<u>36,499,488</u>	<u>14,941</u>	<u>417,454</u>	<u>40,409,261</u>

	As at May 31, 2023					
	Canada \$	Finland \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	1,250,775	113,807	13,612,255	-	15,751	14,992,588
Investments	6,938	-	1,889,833	-	-	1,896,771
Property, plant and equipment	-	52,976	2,043,335	-	-	2,096,311
Exploration and evaluation assets	-	44,865,613	10,966,047	-	329,336	56,160,996
Right of use asset	-	630,263	210,112	-	-	840,375
Bonds	-	<u>144,057</u>	<u>41,056</u>	<u>43,634</u>	<u>7,972</u>	<u>236,719</u>
	<u>1,257,713</u>	<u>45,806,716</u>	<u>28,762,638</u>	<u>43,634</u>	<u>353,059</u>	<u>76,223,760</u>

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**17. Restatement of Comparative Information in Statements of Cash Flow**

During the preparation of the financial statements for the year ended May 31, 2024, the Company determined that an element of operating and financing cash flows had been inappropriately offset. The comparative information as at May 31, 2023 has been restated to decrease net cash used in operating activities by \$2,042,648, increase net cash provided by financing activities by \$2,130,504 and to decrease the effect of exchange rate changes on cash by \$87,856.

**18. Events after the Reporting Period**

- (a) Subsequent to May 31, 2024 the Company issued 943,000 common shares on the exercise of share options for \$226,320.
- (b) On June 11, 2024 the Company signed a non-binding term sheet with Southern Cross to conduct a merger of the two companies. On July 30, 2024 the Company entered into a definitive binding scheme implementation agreement (“SIA”) with Southern Cross, pursuant to which the Company proposes to acquire all of the ordinary shares of Southern Cross (the “SXG Shares”) the Company does not already own by way of a scheme of arrangement under the laws of Australia (the “Arrangement”). Following completion of the Arrangement, Southern Cross will become a wholly-owned subsidiary of the Company.

Under the terms of the SIA and prior to the effective date of the Arrangement:

- (i) the Company intends to affect a share consolidation of its common shares (the “Mawson Shares”) at a ratio of approximately 3.16:1, resulting in the number of outstanding Mawson Shares being equal to the number of SXG Shares currently held by the Company (the “Consolidation”);
- (ii) subject to the Company shareholder approval, the Company intends to spin-off its Swedish uranium assets and \$600,000 of cash into a newly formed subsidiary company (“Spinco”) in consideration of common shares of Spinco and distribute those Spinco shares to the Mawson shareholders as a return of capital (the “Spin-out”) pursuant to the Business Corporations Act (British Columbia). The Spin-out is also expected to be subject to certain conditions customary for this type of transaction including, but not limited to, regulatory and court approvals in British Columbia;
- (iii) the Company will seek to dual list on the ASX through the admission to quotation of the CHES Depositary Interests “CDIs” (which will be subject to the ASX listing and admission process);
- (iv) it is expected the Company will change its name to Southern Cross Gold Consolidated Ltd.; and
- (v) the Company will seek disinterested shareholder approval.

Pursuant to the Arrangement, the Company will acquire the SXG Shares in consideration of 1 Mawson Share (post Consolidation) for each 1 SXG Share (the “Exchange Ratio”).

The Arrangement is subject to a range of conditions, including, but not limited to, approval by Southern Cross shareholders, approval by the the Company shareholders, Australian court approval and Australian and Canadian regulatory approvals, including the approval of the TSXV, the ASX and the Australian Securities and Investments Commission. The SIA contains terms and conditions, including representations and warranties, restrictive covenants and board support customary for transactions of this nature. The SIA also contains customary non-solicitation covenants and fiduciary-out provisions for both the Company and Southern Cross and provides both the Company and Southern Cross with a 5-business day right to match in the event that the other party receives a superior proposal. Under certain circumstances where the Arrangement is not completed, including due to the Company accepting a superior proposal, the Company is required to pay Southern Cross a termination fee of AUD \$2,000,000. Under certain circumstances where the Arrangement is not completed, including due to Southern Cross accepting a superior proposal, Southern Cross is required to pay the Company a termination fee of AUD \$1,000,000.