
MAWSON GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
AUGUST 31, 2024

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

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

	Note	Aug 31, 2024 \$	May 31, 2024 \$
ASSETS			
Current assets			
Cash		12,928,687	15,497,519
GST/VAT receivable		233,439	238,188
Prepaid expenses and other assets		<u>274,537</u>	<u>129,195</u>
Total current assets		<u>13,436,663</u>	<u>15,864,902</u>
Non-current assets			
Investments	6	1,076,920	492,506
Property, plant and equipment	7	3,324,724	3,256,581
Exploration and evaluation assets	8	23,265,794	20,522,968
Right of use assets	9	891,583	202,759
Bonds		<u>87,441</u>	<u>69,545</u>
Total non-current assets		<u>28,646,462</u>	<u>24,544,359</u>
TOTAL ASSETS		<u>42,083,125</u>	<u>40,409,261</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,613,030	1,380,052
Current portion of lease liabilities	9	<u>198,220</u>	<u>100,124</u>
Total current liabilities		<u>1,811,250</u>	<u>1,480,176</u>
Non-current liabilities			
Lease liabilities	9	<u>673,080</u>	<u>103,519</u>
TOTAL LIABILITIES		<u>2,484,330</u>	<u>1,583,695</u>
EQUITY			
Share capital	10	98,027,609	97,678,699
Share-based payments reserve		9,259,748	9,382,338
Equity attributable to parent		12,470,662	11,947,523
Foreign currency translation reserve		(529,329)	(602,677)
Deficit		<u>(97,132,788)</u>	<u>(96,569,072)</u>
Equity attributable to Company shareholders		22,095,902	21,836,811
Non-controlling interest	11	<u>17,502,893</u>	<u>16,988,755</u>
TOTAL EQUITY		<u>39,598,795</u>	<u>38,825,566</u>
TOTAL LIABILITIES AND EQUITY		<u>42,083,125</u>	<u>40,409,261</u>

Nature of Operations and Going Concern - see Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 29, 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 condensed consolidated interim financial statements.

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

	Note	Three Months Ended	
		August 31	
		2024	2023
		\$	\$
Expenses			
Accounting and administration	13(b)	34,015	49,922
Accretion of interest on lease liabilities	9	9,628	2,583
Audit		41,620	68,000
Corporate development		40,985	55,650
Depreciation and amortization	7 & 9	57,742	32,184
Director and officer compensation	13	69,215	70,595
General exploration		3,029	-
Legal		263,560	28,309
Office and sundry		74,967	70,946
Professional fees		330,278	153,799
Regulatory fees		50,915	48,688
Rent		1,005	1,005
Salaries and benefits		202,463	166,197
Share-based compensation	10	17,833	543,692
Shareholder costs		2,898	3,998
Transfer agent		8,938	6,764
Travel		72,723	22,951
		<u>1,281,814</u>	<u>1,325,283</u>
Loss before other items		<u>(1,281,814)</u>	<u>(1,325,283)</u>
Other items			
Interest income		41,591	9,517
Foreign exchange		(32,026)	17,302
Unrealized gain (loss) on investments	6(b)	<u>584,414</u>	<u>(491,341)</u>
		<u>593,379</u>	<u>(464,522)</u>
Loss from continuing operations		(687,835)	(1,789,805)
Loss from discontinued operations	5	<u>-</u>	<u>(154,136)</u>
Net loss for the period		<u>(687,835)</u>	<u>(1,943,941)</u>
Other comprehensive loss			
Currency translation adjustment		<u>142,701</u>	<u>(328,044)</u>
Comprehensive loss for the period		<u>(545,134)</u>	<u>(2,271,985)</u>
Net loss attributable to:			
Shareholders of the Company		(563,716)	(1,174,433)
Non-controlling interest		<u>(124,119)</u>	<u>(769,508)</u>
Net loss for the period		<u>(687,835)</u>	<u>(1,943,941)</u>
Comprehensive loss attributable to:			
Shareholders of the Company		(490,368)	(1,338,455)
Non-controlling interest		<u>(54,766)</u>	<u>(933,530)</u>
Comprehensive loss for the period		<u>(545,134)</u>	<u>(2,271,985)</u>
Loss per common share - see Note 12			

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

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

Three Months Ended August 31, 2024								
Share Capital								
Number of Shares	Amount \$	Share-Based Payments Reserve \$	Equity Attributable to Parent \$	Foreign Currency Translation Reserve \$	Deficit \$	Non-controlling Interest \$	Total Equity \$	
Balance at May 31, 2024	305,195,320	97,678,699	9,382,338	11,947,523	(602,677)	(96,569,072)	16,988,755	38,825,566
Common shares issued for:								
- share options	943,000	226,320	-	-	-	-	-	226,320
Transfer on exercise of:								
- share options	-	122,590	(122,590)	-	-	-	-	-
Share-based compensation:								
- ESO plan	-	-	-	-	-	-	17,833	17,833
Currency translation adjustment	-	-	-	-	73,348	-	69,353	142,701
Net loss for the period	-	-	-	-	-	(563,716)	(124,119)	(687,835)
Change in ownership interest in subsidiary	-	-	-	523,139	-	-	551,071	1,074,210
Balance at August 31, 2024	306,138,320	98,027,609	9,259,748	12,470,662	(529,329)	(97,132,788)	17,502,893	39,598,795

Three Months Ended August 31, 2023								
Share Capital								
Number of Shares	Amount \$	Share-Based Payments Reserve \$	Equity Attributable to Parent \$	Foreign Currency Translation Reserve \$	Deficit \$	Non-controlling Interest \$	Total Equity \$	
Balance at May 31, 2023	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 exercised	100,000	15,500	-	-	-	-	-	15,500
Transfer on exercise of:								
- share options	-	7,000	(7,000)	-	-	-	-	-
Share-based compensation:								
- share options	-	-	-	-	-	-	543,692	543,692
Currency translation adjustment	-	-	-	-	(164,022)	-	(164,022)	(328,044)
Net loss for the period	-	-	-	-	-	(1,174,433)	(769,508)	(1,943,941)
Change in ownership interest in subsidiary	-	-	-	-	-	-	98,462	98,462
Balance at August 31, 2023	294,910,810	94,016,181	10,676,524	8,268,857	(595,968)	(53,924,742)	13,579,011	72,019,863

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

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

	Three Months Ended	
	August 31,	
	2024	2023
	\$	\$
Operating activities		
Net loss for the period	(687,835)	(1,943,941)
Adjustments for:		
Depreciation and amortization	57,742	32,184
Foreign exchange	24,341	(33,354)
Share-based compensation	17,833	543,692
Accretion of interest on lease liabilities	9,628	2,583
Unrealized gain (loss) on investments	(584,414)	491,341
Loss from discontinued operations	-	154,136
Changes in non-cash working capital items:		
GST/VAT receivable	4,749	60,949
Prepaid expenses and deposits	(145,342)	1,393
Accounts payable and accrued liabilities	235,841	4,033
Cash used in continuing operations activities	(1,067,457)	(686,984)
Cash used in discontinued operations activities	-	(331,780)
Net cash used in operating activities	<u>(1,067,457)</u>	<u>(1,018,764)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(2,621,631)	(2,208,193)
Additions to property, plant and equipment	(75,480)	(445,026)
Additions to bonds	(17,772)	-
Cash used in continuing investing activities	(2,714,883)	(2,653,219)
Cash used in discontinued investing activities	-	(144,151)
Net cash used in investing activities	<u>(2,714,883)</u>	<u>(2,797,370)</u>
Financing activities		
Issuance of common shares	226,320	15,500
Payments on lease liabilities	(53,171)	(15,392)
Net proceeds from Southern Cross issuance of common shares	1,074,210	98,462
Cash provided by continuing financing activities	1,247,359	98,570
Cash used in discontinued financing activities	-	(36,552)
Net cash provided by financing activities	<u>1,247,359</u>	<u>62,018</u>
Effect of exchange rate changes on cash	<u>(33,851)</u>	<u>(144,716)</u>
Net change in cash	(2,568,832)	(3,898,832)
Cash at beginning of period - continuing operations	15,497,519	14,665,374
Cash at beginning of period - discontinued operations	-	15,058
	15,497,519	14,680,432
Less cash at end of period - discontinued operations	-	98,943
Cash at end of period - continuing operations	<u>12,928,687</u>	<u>10,682,657</u>

Supplemental cash flow information - Note 15

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

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

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 August 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 August 31, 2024 the Company had working capital in the amount of \$11,625,413 which included cash of \$12,928,687 and of which \$9,659,208 was attributed to its 48.7% 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 4.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Basis of Measurement

The Company’s condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

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 5.

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 5. As at August 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%
SUA Holdings Limited	Canada	100%
Southern Cross Gold Ltd. and Australian subsidiaries (Note 11)	Australia	49.6%

3. Material Accounting Policies

These condensed consolidated interim financial statements have been prepared on a basis consistent with the material accounting policies disclosed in the consolidated financial statements for the year ended May 31, 2024. Accordingly, they should be read in conjunction with the consolidated financial statements for the year ended May 31, 2024.

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.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

3. Material Accounting Policies (continued)

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. Proposed Merger

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 CHESD Depository 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 for the change in the directors of the Company in connection with the Arrangement.

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, Australian court approval and Australian 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.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

5. 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.

(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:

	\$
Assets	
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>
Total assets	<u>7,485,691</u>
Liabilities	
Accounts payable and accrued liabilities	(390,406)
Lease liability	<u>(595,285)</u>
Total liabilities	<u>(985,691)</u>
	<u>6,500,000</u>

(b) *Net Loss from Discontinued Operations*

	Three Months Ended	
	Aug 31, 2024	Aug 31, 2023
	\$	\$
Expenses		
Accounting and administration	-	6,648
Accretion of interest on lease liability	-	15,762
Corporate development	-	1,788
Depreciation and amortization	-	31,169
Legal	-	4,664
Office and sundry	-	33,238
Professional fees	-	23,949
Rent	-	16,705
Salaries and benefits	-	5,841
Travel	-	9,038
Vehicles	-	<u>5,334</u>
	<u>-</u>	<u>154,136</u>
Net loss from discontinued operations	<u>-</u>	<u>(154,136)</u>

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

6. Investments

		<u>As at August 31, 2024</u>		
	<u>Number</u>	<u>Cost</u> \$	<u>Unrealized</u> <u>Loss</u> \$	<u>Carrying</u> <u>Value</u> \$
Common shares				
Nagambie Resources Limited ("Nagambie")	53,361,046	1,768,741	(696,227)	1,072,514
Kingsmen Resources Limited ("Kingsmen")	18,750	<u>45,000</u>	<u>(40,594)</u>	<u>4,406</u>
		<u>1,813,741</u>	<u>(736,821)</u>	<u>1,076,920</u>
		<u>As at May 31, 2024</u>		
	<u>Number</u>	<u>Cost</u> \$	<u>Unrealized</u> <u>Loss</u> \$	<u>Carrying</u> <u>Value</u> \$
Common shares				
Nagambie	53,361,046	1,768,741	(1,282,798)	485,943
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>

- (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 the three months ended August 31, 2024 the Company recorded an unrealized gain of \$584,414 (2023 - loss of \$491,341) on its investments held.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2024
((Unaudited - Expressed in Canadian Dollars))

7. Property, Plant and Equipment

Cost:	Land	Office and Field Equipment	Vehicles	Total
	\$	\$	\$	\$
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	3,014,787	165,110	227,736	3,407,633
Additions	-	75,480	-	75,480
Foreign exchange movement	<u>9,701</u>	<u>688</u>	<u>733</u>	<u>11,122</u>
Balance at August 31, 2024	<u>3,024,488</u>	<u>241,278</u>	<u>228,469</u>	<u>3,494,235</u>
Accumulated Depreciation:				
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	-	(61,668)	(89,384)	(151,052)
Depreciation	-	(8,728)	(9,207)	(17,935)
Foreign exchange movement	<u>-</u>	<u>(304)</u>	<u>(220)</u>	<u>(524)</u>
Balance at August 31, 2024	<u>-</u>	<u>(70,700)</u>	<u>(98,811)</u>	<u>(169,511)</u>
Carrying Value:				
Balance at May 31, 2024	<u>3,014,787</u>	<u>103,442</u>	<u>138,352</u>	<u>3,256,581</u>
Balance at August 31, 2024	<u>3,024,488</u>	<u>170,578</u>	<u>129,658</u>	<u>3,324,724</u>

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8. Exploration and Evaluation Assets

As at August 31, 2024				
	Acquisition Costs \$	Deferred Exploration Costs \$	Foreign Exchange Movement \$	Total \$
Sweden				
Skelleftea North	70,357	281,381	-	351,738
Other	40,748	7,134	-	47,882
Australia				
Sunday Creek	820,410	19,912,401	364,832	21,097,643
Redcastle	56,244	1,722,606	(10,319)	1,768,531
	<u>987,759</u>	<u>21,923,522</u>	<u>354,513</u>	<u>23,265,794</u>
As at May 31, 2024				
	Acquisition Costs \$	Deferred Exploration Costs \$	Foreign Exchange Movement \$	Total \$
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>966,407</u>	<u>19,292,255</u>	<u>264,306</u>	<u>20,522,968</u>

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8. 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> \$	
Balance at May 31, 2023	<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>56,160,996</u>
Exploration costs							
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>9,793,379</u>
Acquisition costs							
Mining rights	124,907	-	-	18,442	16,643	267,015	427,007
Foreign exchange movement	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,282</u>	<u>56,150</u>	<u>(68,943)</u>	<u>572,489</u>
Impairment provision	<u>(39,020,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(919,192)</u>	<u>(39,940,143)</u>
Disposition of Mawson Oy	<u>(6,490,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,490,760)</u>
Balance at May 31, 2024	<u>-</u>	<u>351,738</u>	<u>47,882</u>	<u>18,361,794</u>	<u>1,761,554</u>	<u>-</u>	<u>20,522,968</u>
Exploration costs							
Consulting	-	-	-	233,705	-	-	233,705
Drilling	-	-	-	1,808,842	-	-	1,808,842
Exploration site	-	-	-	51,946	-	-	51,946
Field equipment	-	-	-	78,111	-	-	78,111
Fuel	-	-	-	4,437	-	-	4,437
Geochemical	-	-	-	229,293	-	-	229,293
Geological	-	-	-	73,882	-	-	73,882
Salaries and benefits	-	-	-	138,448	-	-	138,448
Travel	-	-	-	11,158	-	-	11,158
Vehicle rental and other	-	-	-	1,445	-	-	1,445
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,631,267</u>	<u>-</u>	<u>-</u>	<u>2,631,267</u>
Acquisition costs							
Mining rights	-	-	-	21,352	-	-	21,352
Foreign exchange movement	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,230</u>	<u>6,977</u>	<u>-</u>	<u>90,207</u>
Balance at Aug 31, 2024	<u>-</u>	<u>351,738</u>	<u>47,882</u>	<u>21,097,643</u>	<u>1,768,531</u>	<u>-</u>	<u>23,265,794</u>

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8. 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 5. 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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8. 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) *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 August 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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9. Right of Use Assets	\$
Cost:	
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	306,206
Additions	718,158
Foreign exchange movement	<u>10,888</u>
Balance at August 31, 2024	<u>1,035,252</u>
Accumulated amortization:	
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	(103,447)
Amortization	(39,807)
Foreign exchange movement	<u>(415)</u>
Balance at August 31, 2024	<u>(143,669)</u>
Carrying value:	
Balance at May 31, 2024	<u>202,759</u>
Balance at August 31, 2024	<u>891,583</u>

The Company has lease contracts for office and warehouse premises. It does not have any subleases. As at August 31, 2024 the lease liabilities have remaining lease terms of approximately three to eight years or less and were determined using an effective interest rate of between 5% to 5.68%

	Three Months Ended	
	August 31.	
	2024	2023
	\$	\$
Balance, beginning of period	203,643	212,247
Additions	718,158	-
Accretion of interest	9,628	2,583
Payments	(53,171)	(15,393)
Foreign exchange movement	<u>(6,958)</u>	<u>(7,580)</u>
Balance, end of period	<u>871,300</u>	<u>191,857</u>
Current portion of lease liabilities	198,220	62,306
Non-current portion of lease liabilities	<u>673,080</u>	<u>129,551</u>
Total lease liabilities	<u>871,300</u>	<u>191,857</u>

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9. Right of Use Assets (continued)

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

	\$
Less than one year	213,128
Greater than one year	<u>723,700</u>
	<u>936,828</u>

10. 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 the three months ended August 31, 2024 or fiscal 2024.

(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 August 31, 2024 and 2023 and the changes for the three months 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 and end of period	<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. 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 August 31, 2024 1,205,000 Lead Manager options remained unexercised.

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10. 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 the three months ended August 31, 2024 1,937,584 (fiscal 2024 -2,597,749) Broker Options were exercised and Southern Cross received AUD \$581,275 (fiscal 2024 - AUD \$779,325). As at August 31, 2024 1,964,667 Broker Options remained unexercised.

(d) *Share Option Plans*

- (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 10(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. The Plan permits the holder of share options to exercise cashless (net exercise) by surrendering a portion of the underlying share option shares to pay for the exercise cost.

No share options were granted during the three months ended August 31, 2024 or 2023 and no share compensation expense was recorded.

A summary of the Company’s share options at August 31, 2024 and 2023 and the changes for the three months 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 period	3,543,000	0.24	16,500,000	0.26
Exercised	(943,000)	0.24	(100,000)	0.155
Expired	<u>-</u>	-	<u>(1,200,000)</u>	0.36
Balance, end of period	<u>2,600,000</u>	0.24	<u>15,200,000</u>	0.25

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

Number Outstanding and Exercisable	Exercise Price \$	Expiry Date
<u>2,600,000</u>	0.24	February 10, 2026

- (ii) No share options were granted by Southern Cross during the three months ended August 31, 2024.

During the three months ended August 31, 2023 Southern Cross granted share options to purchase a total of 2,000,000 ordinary shares of Southern Cross and recorded compensation expense of \$505,704. In addition Southern Cross recorded additional compensation expenses of \$37,988 on the vesting of share options previously granted.

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10. Share Capital (continued)

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

	2024		2023	
	Number of Options Outstanding	Weighted Average Exercise Price AUD \$	Number of Options Outstanding	Weighted Average Exercise Price AUD \$
Balance, beginning of period	14,899,999	0.64	8,349,999	0.30
Granted	-		2,000,000	0.66
Exercised	<u>(1,683,333)</u>	0.35	<u>-</u>	-
Balance, end of period	<u>13,216,666</u>	0.68	<u>10,349,999</u>	0.37

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

Number	Exercise Price AUD \$	Expiry Date
1,350,000	0.30	May 5, 2025
2,783,333	0.30	May 5, 2026
1,250,000	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>13,216,666</u>		

(e) *Restricted Share Units 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 August 31, 2024 the Company has been authorized to issue up to 2,000,000 RSUs.

No RSUs have been awarded during the three months ended August 31, 2024 and 2023.

(f) *Employer Security Ownership Plan*

On March 17, 2022 Southern Cross adopted an employer security ownership plan (the “ESO Plan”). The ESO Plan provided for the issuance of up to 8,970,000 ESOs. Under the ESO Plan, ESOs may be granted to directors, officers, employees and consultants of Southern Cross (excluding investor relations consultants) as partial compensation for the services they provide to Southern Cross. The ESO Plan is a fixed number plan, and the number of common shares issued under the ESO Plan, when combined with the number of stock options available under Southern Cross’s share option plan, will not exceed 10% of Southern Cross’s outstanding common shares.

During the three months ended August 31, 2024 Southern Cross granted 280,000 (2023 - nil) ESOs and recorded share-based compensation of \$17,833 (2023 - \$nil).

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11. 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. During the three months ended August 31, 2024 Southern Cross issued ordinary shares for the exercise of share options and Broker Options. As a result, the Company’s ownership interest was diluted to 48.7%. 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, 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	16,988,755
Non-controlling interest adjustment for change in ownership interests	551,071
Share-based compensation adjustment	17,833
Currency translation adjustment	69,353
Share of loss for the period June 1, 2024 to August 31, 2024	<u>(124,119)</u>
Balance at August 31, 2024	<u>17,502,893</u>

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 August 31, 2024 and 2023.

	2024 \$	2023 \$
Assets		
Current	9,942,931	10,383,841
Non-current	<u>28,465,880</u>	<u>17,506,601</u>
	38,408,811	27,890,442
Liabilities		
Current	(1,467,343)	(1,367,128)
Non-current	<u>(673,080)</u>	<u>(138,192)</u>
Net assets	<u>36,268,388</u>	<u>26,385,122</u>
Non-controlling interest percentage	<u>51.3%</u>	<u>49.06%</u>

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11. Non-controlling Interests (continued)

	2024 \$	2023 \$
Non-controlling interest in net assets	18,605,683	12,944,540
Adjustment for NCI contributed surplus	<u>(1,102,790)</u>	<u>634,471</u>
Non-controlling interest for the period	<u>17,502,893</u>	<u>13,579,011</u>

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

	2024 \$	2023 \$
Loss for the period - non-controlling interest	(124,119)	(769,508)
Currency translation adjustment	<u>69,353</u>	<u>(164,022)</u>
Comprehensive loss for the period	<u>(54,766)</u>	<u>(933,530)</u>

The following table presents the cash flows of Southern Cross for the the three months ended August 31, 2024 and 2023:

	2024 \$	2023 \$
Cash flow from:		
Operating activities	(131,785)	(308,609)
Investing activities	(2,714,883)	(2,653,219)
Financing activities	1,074,210	98,462

See also Note 4.

12. Loss per Common Share

	2024 \$	2023 \$
Numerator		
Loss from continuing operations	(687,835)	(1,789,805)
Loss from discontinued operations	<u>-</u>	<u>(154,136)</u>
Net loss attributable to shareholders	<u>(687,835)</u>	<u>(1,943,941)</u>
Denominator		
For basic weighted average number of common shares outstanding	305,309,687	294,891,921
Effect of dilutive stock options	<u>-</u>	<u>-</u>
For diluted weighted average number of common shares outstanding	<u>305,309,687</u>	<u>294,891,921</u>
Basic and diluted loss per common share from continuing operations	<u>(0.00)</u>	<u>(0.01)</u>
Basic and diluted loss per common share from discontinued operations	<u>-</u>	<u>(0.00)</u>

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13. Related Party Disclosures

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

(a) *Transactions with Key Management Personnel*

During the three months ended August 31, 2024 the Company incurred a total of \$52,500 (2023 - \$94,565) to current and former key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$52,500 (2023 - \$58,500) to directors and officers compensation and capitalized \$nil (2023 - \$36,065) to exploration and evaluation assets. As at August 31, 2024 \$34,500 (May 31, 2024 - \$31,500) remained unpaid and has been included in accounts payable and accrued liabilities.

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 August 31, 2024 the amount payable under the agreement would be \$120,000.

(b) During the three months ended August 31, 2024 the Company incurred a total of \$13,200 (2023 - \$18,200) 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 \$1,005 (2023 - \$1,005) for rent. As at August 31, 2024 \$5,870 (May 31, 2024 - \$4,670) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the three months ended August 31, 2024 Southern Cross incurred a total of \$62,679 (2023 - \$60,473) for fees to a director and officer who is also a current officer of the Company, of which \$16,715 (2023 - \$12,095) have been expensed to director and officer compensation and \$45,964 (2023 - \$48,378) capitalized to exploration and evaluation assets.

During the three months ended August 31, 2023 the Company also recorded \$12,705 share-based compensation for the granting and vesting of Southern Cross share options to this individual.

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:

Financial Instrument	Category	August 31, 2024 \$	May 31, 2024 \$
Cash	FVTPL	12,928,687	15,497,519
Investments	FVTPL	1,076,920	492,506
Bonds	Amortized cost	87,441	69,545
Accounts payable and accrued liabilities	Amortized cost	(1,613,030)	(1,380,052)
Lease liabilities	Amortized cost	(871,300)	(203,643)

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:

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14. Financial Instruments and Risk Management (continued)

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.

	Contractual Maturity Analysis at August 31, 2024				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	12,928,687	-	-	-	12,928,687
Investments	-	-	1,076,920	-	1,076,920
Bonds	-	-	87,441	-	87,441
Accounts payable and accrued liabilities	(1,613,030)	-	-	-	(1,613,030)
Lease liabilities	(49,555)	(148,665)	(442,095)	(230,985)	(871,300)

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.

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14. Financial Instruments and Risk Management (continued)

(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 August 31, 2024, 1 Canadian Dollar was equal to 1.09 AUD Dollar, 7.61 SEK, and 0.74 US Dollar.

Balances are as follows:

	AUD Dollars	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	10,572,689	61,028	611	10,634,858
GST/VAT receivable	232,741	595	-	233,981
Bonds	69,902	66,398	11,010	87,441
Accounts payable and accrued liabilities	<u>(1,389,145)</u>	<u>(21,419)</u>	<u>-</u>	<u>(1,399,131)</u>
	<u>9,486,187</u>	<u>106,602</u>	<u>11,621</u>	<u>9,557,149</u>

Based on the net exposures as of August 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 \$843,000 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.

15. Supplemental Cash Flow Information

During the three months ended August 31, 2024 and 2023 non-cash activities were conducted by the Company as follows:

	2024 \$	2023 \$
Operating activities		
Accounts payable and accrued liabilities	30,988	423,667
Lease liabilities	<u>718,158</u>	<u>-</u>
	<u>749,146</u>	<u>423,667</u>
Investing activities		
Exploration and evaluation assets	(30,988)	(423,667)
Addition to right of use assets	<u>(718,158)</u>	<u>-</u>
	<u>(749,146)</u>	<u>(423,667)</u>
Financing activities		
Issuance of common shares	122,590	7,000
Share-based payments reserve	<u>(122,590)</u>	<u>(7,000)</u>
	<u>-</u>	<u>-</u>

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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 August 31, 2024				
	Canada \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	3,485,492	9,942,931	-	8,240	13,436,663
Investments	4,406	1,072,514	-	-	1,076,920
Property, plant and equipment	-	3,324,724	-	-	3,324,724
Exploration and evaluation assets	-	22,866,174	-	399,620	23,265,794
Right of use assets	-	891,583	-	-	891,583
Bonds	-	63,862	14,854	8,725	87,441
	<u>3,489,898</u>	<u>38,161,788</u>	<u>14,854</u>	<u>416,585</u>	<u>42,083,125</u>
	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	-	46,138	14,941	8,466	69,545
	<u>3,477,378</u>	<u>36,499,488</u>	<u>14,941</u>	<u>417,454</u>	<u>40,409,261</u>