
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 29, 2020

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

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

	Note	February 29, 2020 \$	May 31, 2019 \$
ASSETS			
Current assets			
Cash		5,950,177	1,839,544
GST/VAT receivable		412,737	320,940
Prepaid expenses and deposits		<u>252,161</u>	<u>141,361</u>
Total current assets		<u>6,615,075</u>	<u>2,301,845</u>
Non-current assets			
Investments	4	17,418	40,345
Property, plant and equipment	5	45,960	63,522
Exploration and evaluation assets	6	<u>32,915,556</u>	<u>30,322,804</u>
Total non-current assets		<u>32,978,934</u>	<u>30,426,671</u>
TOTAL ASSETS		<u>39,594,009</u>	<u>32,728,516</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>2,658,894</u>	<u>829,670</u>
TOTAL LIABILITIES		<u>2,658,894</u>	<u>829,670</u>
SHAREHOLDERS' EQUITY			
Share capital	7	69,781,770	62,499,444
Share-based payments reserve		8,740,900	7,969,961
Deficit		<u>(41,587,555)</u>	<u>(38,570,559)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>36,935,115</u>	<u>31,898,846</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>39,594,009</u>	<u>32,728,516</u>

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period - Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 14, 2020 and are signed on its behalf by:

/s/ Michael Hudson
Michael Hudson
Director

/s/ Nick DeMare
Nick DeMare
Director

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

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

	Note	Three Months Ended		Nine Months Ended	
		February 29, 2020 \$	February 28, 2019 \$	February 29, 2020 \$	February 28, 2019 \$
Expenses					
Accounting and administration	8(b)	20,829	19,671	71,904	72,239
Audit		8,990	7,255	46,018	42,955
Corporate development		78,873	66,048	181,599	152,894
Depreciation	5	5,854	5,955	17,562	16,362
Directors and officers compensation	8(a)	82,622	66,724	252,562	254,901
General exploration		208	5,825	8,282	27,095
Legal		33,174	484,286	114,881	699,409
Office and sundry		37,267	51,851	115,418	102,732
Professional fees		51,155	101,874	164,352	291,540
Regulatory fees		3,987	4,105	19,041	33,382
Rent		30,555	40,902	96,323	111,390
Salaries and benefits		4,776	11,484	39,384	46,887
Share-based compensation	7(d),7(e)	748,750	1,036,800	748,750	1,060,600
Shareholder costs		3,999	7,566	29,322	26,041
Transfer agent		1,844	6,051	9,571	8,448
Travel		66,480	81,453	177,823	227,152
		<u>1,179,363</u>	<u>1,997,850</u>	<u>2,092,792</u>	<u>3,174,027</u>
Loss before other items		<u>(1,179,363)</u>	<u>(1,997,850)</u>	<u>(2,092,792)</u>	<u>(3,174,027)</u>
Other items					
Interest and other income		33,962	37,222	56,463	130,264
Foreign exchange		(4,091)	(11,480)	(29,301)	(7,544)
Impairment	6(b)	(928,439)	-	(928,439)	-
Unrealized (loss) gain on investment		(1,749)	9,269	(22,927)	12,310
		<u>(900,317)</u>	<u>35,011</u>	<u>(924,204)</u>	<u>135,030</u>
Net loss and comprehensive loss for the period		<u>(2,079,680)</u>	<u>(1,962,839)</u>	<u>(3,016,996)</u>	<u>(3,038,997)</u>
Basic and diluted loss per common share		<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.02)</u>
Weighted average number of common shares outstanding		<u>191,915,009</u>	<u>141,733,815</u>	<u>164,838,124</u>	<u>141,639,000</u>

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

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

	Nine Months Ended February 29, 2020				
	Share Capital		Share-Based Payments Reserve	Deficit	Total Equity
	Number of Shares	Amount \$			
Balance at May 31, 2019	142,391,593	62,499,444	7,969,961	(38,570,559)	31,898,846
Common shares issued for:					
- private placement	49,376,749	7,900,280	-	-	7,900,280
- restricted share units	300,000	69,000	-	-	69,000
Share issue costs	-	(686,954)	-	-	(686,954)
Share-based compensation - broker warrants	-	-	91,189	-	91,189
Share-based compensation - share options	-	-	679,750	-	679,750
Net loss for the period	-	-	-	<u>(3,016,996)</u>	<u>(3,016,996)</u>
Balance at February 29, 2020	<u>192,068,342</u>	<u>69,781,770</u>	<u>8,740,900</u>	<u>(41,587,555)</u>	<u>36,935,115</u>

	Nine Months Ended February 28, 2019					
	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Equity
	Number of Shares	Amount \$				
Balance at May 31, 2018	141,591,593	62,283,444	7,125,361	(34,964,586)	(31,876)	34,412,343
Impact of adoption of IFRS 9 on June 1, 2018	-	-	-	(31,876)	31,876	-
Common shares issued for:						
- restricted share units	800,000	216,000	-	-	-	216,000
Share-based compensation	-	-	844,600	-	-	844,600
Net loss for the period	-	-	-	<u>(3,038,997)</u>	<u>-</u>	<u>(3,038,997)</u>
Balance at February 28, 2019	<u>142,391,593</u>	<u>62,499,444</u>	<u>7,969,961</u>	<u>(38,035,459)</u>	<u>-</u>	<u>32,433,946</u>

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

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

	Nine Months Ended	
	February 29, 2020 \$	February 28, 2019 \$
Operating activities		
Net loss for the period	(3,016,996)	(3,038,997)
Adjustments for:		
Depreciation	17,562	16,362
Share-based compensation	679,750	844,600
Restricted share units conversion	69,000	216,000
Unrealized loss (gain) on investments	22,927	(12,310)
Changes in non-cash working capital items:		
Amounts receivable	-	(147)
GST/VAT receivables	(91,797)	105,468
Prepaid expenses and deposits	(110,800)	10,226
Accounts payable and accrued liabilities	<u>(339,094)</u>	<u>1,154,895</u>
Net cash used in operating activities	<u>(2,769,448)</u>	<u>(703,903)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(424,434)	(4,346,289)
Additions to property, plant and equipment	-	(44,456)
Other assets	<u>-</u>	<u>(42,666)</u>
Net cash used in investing activities	<u>(424,434)</u>	<u>(4,433,411)</u>
Financing activities		
Issuance of share capital	7,900,280	-
Share issue costs	<u>(595,765)</u>	<u>-</u>
Net cash provided by financing activities	<u>7,304,515</u>	<u>-</u>
Net change in cash	4,110,633	(5,137,314)
Cash at beginning of period	<u>1,839,544</u>	<u>11,398,105</u>
Cash at end of period	<u>5,950,177</u>	<u>6,260,791</u>

Supplemental cash flow information - Note 10

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Mawson Resources Limited (the “Company”) was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the Toronto Stock Exchange (“TSX”) under the symbol “MAW”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at February 29, 2020 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values. The Company’s ability to continue as a going concern and the recoverability of the amounts capitalized as exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its mineral property interests, the discovery of economically recoverable reserves and obtaining future profitable production or proceeds from disposition of the Company’s mineral properties. As a mineral company in the exploration stage the ability of the Company to complete the acquisition, exploration and development of its mineral property interests will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenue and, as at February 29, 2020, has an accumulated deficit of \$41,587,555 and working capital of \$3,956,181. As at February 29, 2020 management considered that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. Most recently, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020 the World Health Organization (“WHO”) declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel, as recommended by the Finnish and Australian governments. The Company recently completed its 2020 winter drilling program at the Rajapalot Gold Project in Finland. Core logging and assaying of drill data to update the current inferred resource at Rajapalot remains on schedule. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim financial statements 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. 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 condensed consolidated interim financial statements do not reflect any adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

See also Note 12.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended May 31, 2019 other than, effective June 1, 2019, the Company adopted IFRS 16 - *Leases* (“IFRS 16”).

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

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

Basis of Measurement

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

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

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

3. Subsidiaries

The subsidiaries of the Company are:

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

4. Investments

As at February 29, 2020				
	Number	Cost \$	Unrealized Loss \$	Carrying Value \$
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(41,250)	3,750
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>(2,935)</u>	<u>13,668</u>
		<u>61,603</u>	<u>(44,185)</u>	<u>17,418</u>
As at May 31, 2019				
	Number	Cost \$	Unrealized (Loss) Gain \$	Carrying Value \$
Common shares				
Kingsmen	37,500	45,000	(24,375)	20,625
Thomson	600,000	<u>16,603</u>	<u>3,117</u>	<u>19,720</u>
		<u>61,603</u>	<u>(21,258)</u>	<u>40,345</u>

The carrying values of the investments were determined using quoted market values.

5. Property, Plant and Equipment

	Field Equipment \$	Vehicles \$	Total \$
Cost:			
Balance at May 31, 2018	101,958	193,414	295,372
Additions	<u>4,093</u>	<u>39,613</u>	<u>43,706</u>
Balance at May 31, 2019 and February 29, 2020	<u>106,051</u>	<u>233,027</u>	<u>339,078</u>
Accumulated Depreciation:			
Balance at May 31, 2018	(78,913)	(173,276)	(252,189)
Depreciation	<u>(6,564)</u>	<u>(16,803)</u>	<u>(23,367)</u>
Balance at May 31, 2019	(85,477)	(190,079)	(275,556)
Depreciation	<u>(4,932)</u>	<u>(12,630)</u>	<u>(17,562)</u>
Balance at February 29, 2020	<u>(90,409)</u>	<u>(202,709)</u>	<u>(293,118)</u>
Carrying Value:			
Balance at May 31, 2019	<u>20,574</u>	<u>42,948</u>	<u>63,522</u>
Balance at February 29, 2020	<u>15,642</u>	<u>30,318</u>	<u>45,960</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

	<u>As at February 29, 2020</u>			<u>As at May 31, 2019</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rompas-Rajapalot	3,051,112	29,293,651	32,344,763	2,743,919	26,214,665	28,958,584
Oregon	-	-	-	186,981	727,657	914,638
Other	251,094	319,699	570,793	207,328	242,254	449,582
	<u>3,302,206</u>	<u>29,613,350</u>	<u>32,915,556</u>	<u>3,138,228</u>	<u>27,184,576</u>	<u>30,322,804</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

	Rompas- Rajapalot \$	Oregon \$	Other \$	Total \$
Balance at May 31, 2018	<u>22,823,924</u>	<u>309,155</u>	<u>198,130</u>	<u>23,331,209</u>
Exploration costs				
Assays	751,678	25,945	-	777,623
Consulting	175,609	-	-	175,609
Core logging	14,719	-	-	14,719
Drilling	2,843,747	365,765	-	3,209,512
Exploration site	8,289	888	-	9,177
Field equipment	12,405	1,803	-	14,208
Field workers	74,892	-	-	74,892
Fuel	20,572	-	-	20,572
Geochemical	27,110	-	-	27,110
Geological	429,371	121,996	151,587	702,954
Geophysics	429,909	-	-	429,909
Salaries and benefits	1,093,115	-	-	1,093,115
Travel	8,313	17,327	-	25,640
Vehicle rental	33,026	9,048	-	42,074
	<u>5,922,755</u>	<u>542,772</u>	<u>151,587</u>	<u>6,617,114</u>
Acquisition costs				
Mining rights	211,905	20,045	99,865	331,815
Deposits	-	42,666	-	42,666
	<u>211,905</u>	<u>62,711</u>	<u>99,865</u>	<u>374,481</u>
Balance at May 31, 2019	<u>28,958,584</u>	<u>914,638</u>	<u>449,582</u>	<u>30,322,804</u>
Exploration costs				
Assays	135,868	-	-	135,868
Consulting	72,527	-	-	72,527
Core logging	638	-	-	638
Drilling	2,198,840	-	-	2,198,840
Exploration site	659	8,191	-	8,850
Field equipment	2,557	-	-	2,557
Field workers	49,461	-	-	49,461
Fuel	11,700	-	-	11,700
Geological	150,513	4,276	56,308	211,097
Geophysics	140,181	-	-	140,181
Salaries and benefits	391,882	-	-	391,882
Surveying	-	-	125,095	125,095
Travel	-	564	-	564
Vehicle rental	23,004	770	-	23,774
Costs recovered	(98,844)	-	(103,958)	(202,802)
	<u>3,078,986</u>	<u>13,801</u>	<u>77,445</u>	<u>3,170,232</u>
Acquisition costs				
Mining rights	307,193	-	43,766	350,959
Impairment	-	(928,439)	-	(928,439)
Balance at February 29, 2020	<u>32,344,763</u>	<u>-</u>	<u>570,793</u>	<u>32,915,556</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

(a) ***Rompas -Rajapalot***

As at February 29, 2020 the Company holds a total of 15 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

(b) ***Oregon***

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

Option Year 1 - US \$5/acre, which the Company paid \$124,270 (US \$100,000);
Option Year 2 - US \$15/acre on or before June 30, 2020; and
Option Year 3 - US \$25/acre on or before December 27, 2020.

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

Option Year 1 - US \$500,000, which has been met as at November 30, 2018;
Option Year 2 - US \$750,000;
Option Year 3 - US \$1,000,000; and
Option Year 4 - US \$1,000,000.

In the past the Company has received extensions to the option agreement and expects to continue to receive cooperation from the optionor while the Company continues its efforts to identify a partner or a farm-out arrangement. However, in light of COVID-19 the Company has determined to impair all capitalized expenditures on the Oregon property and, accordingly, has recorded an impairment of \$928,439 for all acquisition and exploration amounts incurred as at February 29, 2020.

(c) ***Other***

The Company holds seven exploration prospecting licenses ("EPMs") (collectively "Mount Isa SE"), in the Mount Isa Mineral District, Queensland, Australia. The Mount Isa SE EPMS require annual concession payments totalling approximately AUD \$63,000 and annual work commitments totalling approximately AUD \$461,000.

7. Share Capital

(a) ***Authorized Share Capital***

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

(b) ***Equity Financings***

Nine Months Ended February 29, 2020

During the nine months ended February 29, 2020 the Company completed a private placement financing of 49,376,749 units, at a price of \$0.16 per unit for gross proceeds of \$7,900,280. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.24 per share until October 30, 2021. Director and officers of the Company and/or private corporations controlled by directors or officers of the Company participated for 825,000 common shares of this private placement.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

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

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

Fiscal 2019

During fiscal 2019 the Company did not conduct any equity financings.

See also Note 12.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 29, 2020 and February 28, 2019 and the changes for the nine months ended on those dates, is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	25,286,635	0.58	25,286,635	0.58
Warrants issued	24,688,374	0.24	-	-
Broker Warrants issued	2,279,730	0.185	-	-
Warrants expired	<u>(25,286,635)</u>	0.62	<u>-</u>	-
Balance, end of period	<u>26,968,104</u>	0.24	<u>25,286,635</u>	0.58

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 29, 2020:

Number	Exercise Price \$	Expiry Date
2,279,730	0.185	October 30, 2021
<u>24,688,374</u>	0.24	October 30, 2021
<u>26,968,104</u>		

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) *Share Option Plan*

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

During the nine months ended February 29, 2020 the Company granted share options to purchase 6,797,500 (February 28, 2019 - 5,220,000) common shares and recorded compensation expense of \$679,750 (February 28, 2019 - \$844,600).

The fair value of share options granted and vested during the nine months ended February 29, 2020 and February 28, 2019 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2020</u>	<u>2019</u>
Risk-free interest rate	1.59%	1.80% - 2.36%
Estimated volatility	64%	71% - 79%
Expected life	3 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the nine months ended February 29, 2020 was \$0.10 (February 28, 2019 - \$0.16) per share option.

A summary of the Company’s share options at February 29, 2020 and February 28, 2019 and the changes for the nine months ended on those dates, is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	10,270,000	0.31	5,070,000	0.35
Issued	6,797,500	0.23	5,220,000	0.28
Expired / cancelled	(4,825,000)	0.35	(20,000)	0.35
Forfeited	<u>(490,000)</u>	0.275	-	-
Balance, end of period	<u>11,752,500</u>	0.25	<u>10,270,000</u>	0.31

The following table summarizes information about the share options outstanding and exercisable at February 29, 2020:

Number	Exercise Price \$	Expiry Date
50,000	0.365	May 12, 2020
400,000	0.39	June 15, 2020
170,000	0.30	November 1, 2021
6,797,500	0.23	January 15, 2023
<u>4,335,000</u>	0.275	February 12, 2024
<u>11,752,500</u>		

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

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

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

On February 12, 2019 the Company granted 800,000 RSUs. The RSUs vested immediately and the Company issued one common share for each RSU granted. During the nine months ended February 28, 2019 the Company recognized \$216,000 as share-based compensation expense.

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

8. 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 nine months ended February 29, 2020 and February 28, 2019 the following compensation amounts were incurred:

	2020	2019
	\$	\$
Professional fees and salaries	477,617	486,265
Share-based compensation - share options	558,500	612,000
Share-based compensation - RSUs	69,000	175,500
	<u>1,105,117</u>	<u>1,273,765</u>

During the nine months ended February 29, 2020 the Company allocated the \$477,617 (February 28, 2019 - \$486,265) professional fees and salaries based on the nature of the services provided: expensed \$252,562 (February 28, 2019 - \$254,901) to directors and officers compensation and capitalized \$225,055 (February 28, 2019 - \$231,364) to exploration and evaluation assets. As at February 29, 2020, \$29,646 (May 31, 2019 - \$24,000) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO’s services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$14,000 per month, is payable. If the termination had occurred on February 29, 2020 the amount payable under the agreement would be \$420,000.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

The Company has a management agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of twelve months of compensation, at \$18,334 per month, is payable. If the termination had occurred on February 29, 2020 the amount payable under the agreement would be \$220,008.

- (b) During the nine months ended February 29, 2020 the Company incurred a total of \$44,900 (February 28, 2019 - \$44,015) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$3,015 (February 28, 2019 - \$3,015) for rent. As at February 29, 2020, \$2,335 (May 31, 2019 - \$335) remained unpaid and has been included in accounts payable and accrued liabilities.

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

9. 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	February 29, 2020 \$	May 31, 2019 \$
Cash	FVTPL	5,950,177	1,839,544
Investments	FVTPL	17,418	40,345
Accounts payable and accrued liabilities	Amortized cost	(2,658,894)	(829,670)

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

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

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

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

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments 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:

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at February 29, 2020				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	5,950,177	-	-	-	5,950,177
Investments	-	-	17,418	-	17,418
Accounts payable and accrued liabilities	(2,658,894)	-	-	-	(2,658,894)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At February 29, 2020, 1 Canadian Dollar was equal to 0.67 Euro, 7.14 SEK, 1.14 AUD Dollar and 0.74 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	71,134	1,030,392	63,796	162,653	1,829,033
GST/VAT receivable	42,691	246,774	1,712	-	406,007
Accounts payable and accrued liabilities	<u>(19,891)</u>	<u>(1,756,152)</u>	<u>(884)</u>	<u>(480)</u>	<u>(2,639,342)</u>
	<u>93,934</u>	<u>(478,986)</u>	<u>64,624</u>	<u>162,173</u>	<u>(404,302)</u>

Based on the net exposures as of February 29, 2020 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUD Dollar and US Dollar would result in the Company's net loss being approximately \$40,000 higher (or lower).

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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.

10. Supplemental Cash Flow Information

During the nine months ended February 29, 2020 and February 28, 2019 non-cash activities were conducted by the Company as follows:

	2020 \$	2019 \$
Operating activity		
Accounts payable and accrued liabilities	<u>2,168,318</u>	<u>281,897</u>
Investing activity		
Exploration and evaluation assets	<u>(2,168,318)</u>	<u>(281,897)</u>
Financing activities		
Share-based payments reserve	91,189	-
Share issue costs	<u>(91,189)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. Segmented Information

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

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

	As at February 29, 2020				
	Canada \$	Finland \$	USA \$	Other \$	Total \$
Current assets	4,279,716	2,065,970	169,658	99,731	6,615,075
Investments	17,418	-	-	-	17,418
Property, plant and equipment	-	45,960	-	-	45,960
Exploration and evaluation assets	<u>-</u>	<u>32,344,763</u>	<u>-</u>	<u>570,793</u>	<u>32,915,556</u>
	<u>4,297,134</u>	<u>34,456,693</u>	<u>169,658</u>	<u>670,524</u>	<u>39,594,009</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020
(Unaudited - Expressed in Canadian Dollars)

11. Segmented Information (continued)

	As at May 31, 2019				
	Canada \$	Finland \$	USA \$	Other \$	Total \$
Current assets	1,240,746	786,709	249,598	24,792	2,301,845
Investments	40,345	-	-	-	40,345
Property, plant and equipment	-	63,522	-	-	63,522
Exploration and evaluation assets	-	28,958,584	914,638	449,582	30,322,804
	<u>1,281,091</u>	<u>29,808,815</u>	<u>1,164,236</u>	<u>474,374</u>	<u>32,728,516</u>

12. Events after the Reporting Period

Pursuant to binding letters of agreements, dated January 29, 2020, and definitive and subscription agreements, dated March 24, 2020 (collectively the “Nagambie Agreements”), the Company closed and completed the Nagambie Agreements with Nagambie Resources Limited (“Nagambie”), which holds tenements in the central Victorian goldfields of Australia.

The Nagambie Agreements comprise:

- (i) subscription agreement pursuant to which the Company subscribed for 50,000,000 ordinary shares of Nagambie (the “Nagambie Shares”), which represent a 10.0% shareholding in Nagambie. As consideration for the acquisition of the Nagambie Shares the Company has issued Nagambie 8,500,000 common shares of the Company (the “Mawson Private Placement Shares”), which are subject to voluntary trading restrictions to be released in four equal tranches over a 22 month period.

Mawson has also secured a right of first refusal to take up or match proposals being considered over a competitive 3,600 square kilometre tenement package held by Nagambie. In addition, the Company has a pre-emptive right on future issuances of ordinary shares of Nagambie to avoid dilution;

- (ii) acquisition agreement pursuant to which the Company acquired 100% of the shares in Clonbinane Goldfield Pty Ltd (the “Clonbinane Acquisition”), a 100% subsidiary of Nagambie. As consideration the Company paid Nagambie \$429,655 (AUD \$500,000) cash and 1,000,000 common shares of the Company (the “Mawson Acquisition Shares”). The Mawson Acquisition Shares are subject to voluntary trading restrictions to be released in four equal tranches over a 22 month period; and
- (iii) option and joint venture agreements pursuant to which the Company has the right to earn an up to 70% joint venture interest in each of Nagambie’s Redcastle and Doctor’s Gully gold properties located in Victoria, Australia by incurring the following exploration expenditures on the each of the properties: AUD \$100,000 in the first year and an additional AUD \$150,000 in the second year to earn an initial 25% interest, an additional AUD \$250,000 in the third year to an additional 25% interest and an additional AUD \$500,000 by year 5 to earn the remaining 20% interest. Once the Company earns the 70% interest a joint venture between the parties will be formed. Nagambie may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie’s interest be reduced to less than a 5.0% 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 per property.

In connection with the closing of the Nagambie Agreements an existing shareholder of the Company elected to exercise its participation rights to maintain its pro-rata ownership in the Company and, on April 8, 2020 the Company issued 615,000 common shares of the Company at an issue price of \$0.17 per common share for proceeds of \$104,550.