
MAWSON GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2021

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

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

	Note	November 30, 2021 \$	May 31, 2021 \$
ASSETS			
Current assets			
Cash		3,483,745	7,386,407
GST/VAT receivable		163,832	125,168
Prepaid expenses and deposits		<u>108,820</u>	<u>154,806</u>
Total current assets		<u>3,756,397</u>	<u>7,666,381</u>
Non-current assets			
Investments	4	3,007,523	2,985,916
Property, plant and equipment	5	161,589	128,226
Exploration and evaluation assets	6	46,484,943	44,066,309
Bonds		215,984	115,458
Deferred share issue costs	12(a)	<u>57,000</u>	<u>-</u>
Total non-current assets		<u>49,927,039</u>	<u>47,295,909</u>
TOTAL ASSETS		<u>53,683,436</u>	<u>54,962,290</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>889,425</u>	<u>972,079</u>
TOTAL LIABILITIES		<u>889,425</u>	<u>972,079</u>
SHAREHOLDERS' EQUITY			
Share capital	7	88,899,443	88,720,662
Share-based payments reserve		9,263,624	9,182,529
Deficit		<u>(45,369,056)</u>	<u>(43,912,980)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>52,794,011</u>	<u>53,990,211</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>53,683,436</u>	<u>54,962,290</u>

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 11, 2022 and are signed on its behalf by:

/s/ Michael Hudson
Michael Hudson
Director

/s/ Nick DeMare
Nick DeMare
Director

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

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

	Note	Three Months Ended		Six Months Ended	
		November 30		November 30	
		2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Accounting and administration	8(b)	41,475	43,411	71,178	76,106
Audit		28,583	36,999	61,548	58,320
Corporate advisory fees		-	276,985	-	630,838
Corporate development		64,014	98,367	118,598	160,796
Depreciation	5	11,408	1,876	22,816	5,629
Directors and officers compensation	8(a)	201,954	83,760	281,314	160,260
General exploration		56,735	114,401	61,629	138,496
Legal		30,982	2,955	150,038	65,648
Office and sundry		30,638	44,583	109,630	84,326
Professional fees		94,255	41,307	180,147	78,566
Regulatory fees		5,992	13,462	26,982	32,165
Rent		33,979	37,202	67,543	77,009
Share-based compensation	7	179,000	46,000	239,500	174,253
Shareholder costs		5,861	13,491	9,859	17,980
Transfer agent		2,234	3,407	5,896	8,835
Travel		36,972	5,474	64,939	13,893
		<u>824,082</u>	<u>863,680</u>	<u>1,471,617</u>	<u>1,783,120</u>
Loss before other items		<u>(824,082)</u>	<u>(863,680)</u>	<u>(1,471,617)</u>	<u>(1,783,120)</u>
Other items					
Interest income		6,741	37,538	17,218	82,491
Foreign exchange		(25,506)	(5,410)	(23,284)	(38,156)
Unrealized (loss) gain on investments		(710,733)	(103,832)	21,607	(678,325)
		<u>(729,498)</u>	<u>(71,704)</u>	<u>15,541</u>	<u>(633,990)</u>
Net loss and comprehensive loss for the period		<u>(1,553,580)</u>	<u>(935,384)</u>	<u>(1,456,076)</u>	<u>(2,417,110)</u>
Basic and diluted loss per common share		<u>\$(0.01)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>
Weighted average number of common shares outstanding		<u>256,504,384</u>	<u>255,019,218</u>	<u>256,179,023</u>	<u>254,885,492</u>

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

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

Six Months Ended November 30, 2021					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares	Amount \$			
Balance at May 31, 2021	255,853,662	88,720,662	9,182,529	(43,912,980)	53,990,211
Common shares issued for:					
- restricted share units	700,000	154,000	-	-	154,000
- warrants exercised	110,138	20,376	-	-	20,376
Transfer on exercise of broker warrants	-	4,405	(4,405)	-	-
Share-based compensation - share options	-	-	85,500	-	85,500
Net loss for the period	-	-	-	(1,456,076)	(1,456,076)
Balance at November 30, 2021	256,663,800	88,899,443	9,263,624	(45,369,056)	52,794,011

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

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

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

	Six Months Ended November 30,	
	2021 \$	2020 \$
Operating activities		
Net loss for the period	(1,456,076)	(2,417,110)
Adjustments for:		
Depreciation	22,816	5,629
Share-based compensation	239,500	174,253
Unrealized (gain) loss on investments	(21,607)	678,325
Foreign exchange	204	(491)
Changes in non-cash working capital items:		
GST/VAT receivables	(38,664)	28,204
Prepaid expenses and deposits	45,986	(314,323)
Accounts payable and accrued liabilities	124,472	(217,915)
Net cash used in operating activities	<u>(1,083,369)</u>	<u>(2,063,428)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(2,625,760)	(3,011,785)
Additions to property, plant and equipment	(56,179)	(38,951)
Additions to bonds	(100,730)	-
Refund of bonds	-	7,121
Net cash used in investing activities	<u>(2,782,669)</u>	<u>(3,043,615)</u>
Financing activities		
Issuance of common shares	20,376	432,845
Deferred share issue costs	(57,000)	-
Net cash (used in) provided by financing activities	<u>(36,624)</u>	<u>432,845</u>
Net change in cash	(3,902,662)	(4,674,198)
Cash at beginning of period	<u>7,386,407</u>	<u>18,906,515</u>
Cash and cash equivalents at end of period	<u>3,483,745</u>	<u>14,232,317</u>
Cash and cash equivalents comprises:		
Cash	3,483,745	1,867,919
Short-term redeemable investment certificates	-	12,364,398
	<u>3,483,745</u>	<u>14,232,317</u>

Supplemental cash flow information - Note 10

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

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Mawson Gold 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 November 30, 2021 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at November 30, 2021 the Company had working capital in the amount of \$2,866,972. In addition, in December 2021 the Company completed a public offering to raise gross proceeds of \$5,500,050, as described in Note 12(a). These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to November 30, 2021.

In March 2020 the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus, identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented COVID-19 safe plans and 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.

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, 2021, 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, 2021.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

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.

3. Subsidiaries

The subsidiaries of the Company are:

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

4. Investments

<u>As at November 30, 2021</u>				
	<u>Number</u>	<u>Cost</u>	<u>Unrealized</u>	<u>Carrying</u>
		<u>\$</u>	<u>Gain (Loss)</u>	<u>Value</u>
			<u>\$</u>	<u>\$</u>
Common shares				
Nagambie Resources Limited ("Nagambie")	50,000,000	1,572,500	1,429,398	3,001,898
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(39,375)	5,625
		<u>1,617,500</u>	<u>1,390,023</u>	<u>3,007,523</u>

<u>As at May 31, 2021</u>				
	<u>Number</u>	<u>Cost</u>	<u>Unrealized</u>	<u>Carrying</u>
		<u>\$</u>	<u>Gain (Loss)</u>	<u>Value</u>
			<u>\$</u>	<u>\$</u>
Common shares				
Nagambie	50,000,000	1,572,500	1,407,791	2,980,291
Kingsmen	37,500	45,000	(39,375)	5,625
		<u>1,617,500</u>	<u>1,368,416</u>	<u>2,985,916</u>

- (a) Pursuant to a subscription agreement dated March 24, 2020 the Company subscribed for 50,000,000 ordinary shares of Nagambie (the "Nagambie Shares"). As consideration for the acquisition of the Nagambie Shares the Company issued Nagambie 8,500,000 common shares of the Company, at a fair value of \$1,572,500. As long as the Company continues to hold the Nagambie Shares it maintains a right of refusal to take up or match proposals being considered over a 3,600 square kilometre tenement package held by Nagambie.
- (b) The carrying values of the investments were determined using quoted market values.

MAWSON GOLD LIMITED
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FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021
(Unaudited - Expressed in Canadian Dollars)

5. Property, Plant and Equipment

Cost:	Field Equipment \$	Vehicles \$	Total \$
Balance at May 31, 2020	152,971	233,027	385,998
Additions	<u>-</u>	<u>72,183</u>	<u>72,183</u>
Balance at May 31, 2021	152,971	305,210	458,181
Additions	<u>-</u>	<u>56,179</u>	<u>56,179</u>
Balance at November 30, 2021	<u>152,971</u>	<u>361,389</u>	<u>514,360</u>
Accumulated Depreciation:			
Balance at May 31, 2020	(91,254)	(203,111)	(294,365)
Depreciation	<u>(13,245)</u>	<u>(22,345)</u>	<u>(35,590)</u>
Balance at May 31, 2021	(104,499)	(225,456)	(329,955)
Depreciation	<u>(2,352)</u>	<u>(20,464)</u>	<u>(22,816)</u>
Balance at November 30, 2021	<u>(106,851)</u>	<u>(245,920)</u>	<u>(352,771)</u>
Carrying Value:			
Balance at May 31, 2021	<u>48,472</u>	<u>79,754</u>	<u>128,226</u>
Balance at November 30, 2021	<u>46,120</u>	<u>115,469</u>	<u>161,589</u>

6. Exploration and Evaluation Assets

	<u>As at November 30, 2021</u>			<u>As at May 31, 2021</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Rompas-Rajapalot	3,535,234	37,263,668	40,798,902	3,349,056	36,133,018	39,482,074
Australia						
Sunday Creek	756,704	2,202,965	2,959,669	735,677	1,298,127	2,033,804
Redcastle	41,304	1,467,648	1,508,952	36,782	1,406,671	1,443,453
Whroo JV	96,985	278,100	375,085	94,851	185,255	280,106
Mount Isa SE	<u>288,676</u>	<u>553,659</u>	<u>842,335</u>	<u>273,250</u>	<u>553,622</u>	<u>826,872</u>
	<u>4,718,903</u>	<u>41,766,040</u>	<u>46,484,943</u>	<u>4,489,616</u>	<u>39,576,693</u>	<u>44,066,309</u>

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

	Finland	Australia				Total \$
	Rompas- Rajapalot \$	Sunday Creek \$	Redcastle \$	Whroo JV \$	Mount Isa SE \$	
Balance at May 31, 2020	33,750,489	672,126	1,158	1,159	574,706	34,999,638
Exploration costs						
Assays	446,132	-	-	-	-	446,132
Consulting	216,432	-	-	-	-	216,432
Drilling	2,990,622	537,171	391,192	58,604	314,563	4,292,152
Exploration site	18,898	22,076	27,259	5,718	5,432	79,383
Field workers	89,265	-	-	-	-	89,265
Field equipment	16,334	28,509	36,615	804	6,015	88,277
Fuel	20,790	-	-	-	-	20,790
Geochemical	26,520	176,778	67,409	16,829	-	287,536
Geological	141,152	288,269	268,614	20,917	60,431	779,383
Geophysics	449,667	172,747	565,768	76,758	-	1,264,940
Preliminary economic assessment	56,232	-	-	-	-	56,232
Salaries and benefits	1,033,936	18,462	33,232	4,466	4,272	1,094,368
Travel	6,100	12,977	13,740	-	17,881	50,698
Vehicle rental	37,312	21,513	1,684	-	-	60,509
Government assistance	(97,721)	-	-	-	(191,150)	(288,871)
	<u>5,451,671</u>	<u>1,278,502</u>	<u>1,405,513</u>	<u>184,096</u>	<u>217,444</u>	<u>8,537,226</u>
Acquisition costs						
Mining rights	279,914	-	-	-	-	279,914
Payments	-	47,940	-	94,851	-	142,791
Permitting	-	35,236	36,782	-	34,722	106,740
	<u>279,914</u>	<u>83,176</u>	<u>36,782</u>	<u>94,851</u>	<u>34,722</u>	<u>529,445</u>
Balance at May 31, 2021	<u>39,482,074</u>	<u>2,033,804</u>	<u>1,443,453</u>	<u>280,106</u>	<u>826,872</u>	<u>44,066,309</u>
Exploration costs						
Assays	80,947	-	-	-	-	80,947
Consulting	248,209	94,676	21,255	-	-	364,140
Drilling	24,651	605,523	-	85,230	-	715,404
Environmental	-	-	4,071	-	-	4,071
Exploration site	7,305	49,152	15,122	4,785	37	76,401
Field workers	33,327	-	-	-	-	33,327
Field equipment	5,656	9,321	967	1,780	-	17,724
Fuel	5,190	-	-	-	-	5,190
Geochemical	18,970	122,712	1,183	-	-	142,865
Geological	92,904	5,252	-	-	-	98,156
Geophysics	70,879	1,669	2,077	-	-	74,625
Salaries and benefits	531,886	6,600	302	-	-	538,788
Travel	2,628	4,278	4,950	249	-	12,105
Vehicle rental and other	8,098	5,655	11,050	801	-	25,604
	<u>1,130,650</u>	<u>904,838</u>	<u>60,977</u>	<u>92,845</u>	<u>37</u>	<u>2,189,347</u>
Acquisition costs						
Mining rights	186,178	-	-	-	-	186,178
Permitting	-	21,027	4,522	2,134	15,426	43,109
	<u>186,178</u>	<u>21,027</u>	<u>4,522</u>	<u>2,134</u>	<u>15,426</u>	<u>229,287</u>
Balance at November 30, 2021	<u>40,798,902</u>	<u>2,959,669</u>	<u>1,508,952</u>	<u>375,085</u>	<u>842,335</u>	<u>46,484,943</u>

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

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

As at November 30, 2021 the Company holds a total of 14 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

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

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

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

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

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

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

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

The Company has advised Nagambie that it has incurred the requisite total exploration expenditures to earn the 70% interest in the Redcastle property and is preparing the formal report to submit to Nagambie. Upon acceptance of the report a joint venture between the parties will be formed. Nagambie may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie's interest be reduced to less than a 5% interest, it will be deemed to have forfeited its interest in the joint venture to the Company in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie be granted the NSR the Company will have the right to acquire the NSR for AUD \$4,000,000.

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

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

MAWSON GOLD LIMITED
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(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

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

As at November 30, 2021 the Company has made an initial payment of \$94,851 (AUD \$100,000) to Nagambie and will have subsequent payments of AUD \$50,000 on the second, third and fourth anniversaries from December 2, 2020. The Company has the option to accelerate its spending to achieve its various percentage ownership interests in the Whroo JV.

See also Note 12(c).

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

As of November 30, 2021 the Company holds seven exploration prospecting licenses (“EPMs”) (collectively “Mount Isa SE”) in the Mount Isa Mineral District, Queensland, Australia.

(f) ***Western USA, Oregon***

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

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

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

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

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

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6. Exploration and Evaluation Assets (continued)

On July 27, 2020 the Company entered into an agreement with Aguila American Gold Ltd. (“Aguila”), a publicly traded company with a director in common, whereby it granted Aguila the right to earn up to an 80% interest in the WUSA property. As at November 30, 2021 Aguila has earned an initial 51% interest and can earn an additional 29% interest by funding a further US \$1,000,000 in exploration expenditures by December 31, 2022 and continuing to make all further option lease payments.

(g) **Commitments**

For the next fiscal year:

- (i) the Sunday Creek mineral tenements require annual concession payments totaling approximately AUD \$3,100 and work commitments totaling approximately AUD \$109,900;
- (ii) the Redcastle mineral tenements requires annual concession payments totaling approximately AUD \$700 and work commitments totaling approximately AUD \$25,200; and
- (iii) the Mount Isa SE mineral tenements require annual concession payments totalling approximately AUD \$41,200 and work commitments totalling approximately AUD \$542,500.

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. Due to the nature of the Company’s activities, it is difficult to accurately forecast the amount of future expenditure that will be necessary to incur in order to maintain present interests past the next fiscal year.

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) **Reconciliation of Changes in Share Capital**

The Company did not complete any equity financings during the six months ended November 30, 2021 or during fiscal 2021.

See also Note 12(a).

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company’s outstanding warrants at November 30, 2021 and 2020 and the changes for the six months ended on those dates, is as follows:

	2021		2020	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	53,752,309	0.34	55,043,129	0.34
Exercised	(110,138)	0.185	(1,208,320)	0.19
Expired	<u>(25,492,146)</u>	0.24	<u>-</u>	-
Balance, end of period	<u>28,150,025</u>	0.44	<u>53,834,809</u>	0.34

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7. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2021:

Number	Exercise Price \$	Expiry Date
24,286,000	0.45	May 20, 2022
2,428,600	0.35	May 20, 2022
1,430,000	0.45	May 27, 2022
<u>5,425</u>	0.45	May 27, 2022
<u>28,150,025</u>		

See also Note 12(a).

(d) *Share Option Plan*

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

During the six months ended November 30, 2021 the Company granted share options to purchase a total of 800,000 (2020 - 1,587,520) common shares and recorded compensation expense of \$85,500 (2020 - \$174,253) on the granting and vesting of these share options.

The fair value of share options granted and vested during the six months ended November 30, 2021 and 2020 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.60% - 0.67%	0.25% - 0.31%
Estimated volatility	69%	71% - 75%
Expected life	3 years	2 years - 3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the six months ended November 30, 2021 \$0.11 (2020 - \$0.18) per share option.

A summary of the Company's share options at November 30, 2021 and 2020 and the changes for the six months ended on those dates, is as follows:

	<u>2021</u>		<u>2020</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	12,567,520	0.27	11,935,000	0.25
Granted	800,000	0.24	1,587,520	0.39
Exercised	-	-	(805,000)	0.25
Expired	<u>(170,000)</u>	0.30	<u>(400,000)</u>	0.39
Balance, end of period	<u>13,197,520</u>	0.27	<u>12,317,520</u>	0.27

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7. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at November 30, 2021:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
487,520	487,520	0.35	June 9, 2022
6,225,000	6,225,000	0.23	January 15, 2023
200,000	200,000	0.275	April 23, 2023
100,000	100,000	0.355	May 21, 2023
800,000	200,000	0.38	June 1, 2023
100,000	100,000	0.50	August 5, 2023
200,000	200,000	0.48	October 14, 2023
150,000	150,000	0.37	January 18, 2024
4,035,000	4,035,000	0.275	February 12, 2024
100,000	100,000	0.26	March 9, 2024
550,000	550,000	0.245	August 9, 2024
<u>250,000</u>	<u>250,000</u>	0.22	September 14, 2024
<u>13,197,520</u>	<u>12,597,520</u>		

See also Note 12(b).

(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.

During the six months ended November 30, 2021 the Company awarded 700,000 RSUs to directors and officers of the Company. The RSUs vested immediately and the Company issued 700,000 common shares and recognized \$154,000 as share-based compensation expense.

No RSUs were awarded during the six months ended November 30, 2020.

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 the six months ended November 30, 2021 the Company incurred a total of \$466,146 (2020 - \$328,849) to key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$281,314 (2020 - \$160,260) to directors and officers compensation and capitalized \$184,832 (2020 - \$168,589) to exploration and evaluation assets. As at November 30, 2021 \$95,045 (May 31, 2021 - \$59,434) remained unpaid and has been included in accounts payable and accrued liabilities.

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8. Related Party Disclosures (continued)

During the six months ended November 30, 2021 the Company also recorded \$179,000 (2020 - \$nil) share-based compensation for share options and RSUs granted to key management personnel.

Pursuant to various agreements with its Chairman, CEO and Chief Geologist, the Company is currently committed to pay up to approximately \$735,000 in the event of termination without cause or a change of control of the Company.

- (b) During the six months ended November 30, 2021 the Company incurred a total of \$32,150 (2020 - \$44,000) with Chase Management Ltd. (“Chase”), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$2,010 (2020 - \$2,010) for rent. As at November 30, 2021 \$4,920 (May 31, 2021 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During the six months ended November 30, 2021 the Company purchased a vehicle for \$56,179 from a private corporation controlled by the Chairman of the Company.

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	November 30, 2021 \$	May 31, 2021 \$
Cash	FVTPL	3,483,745	7,386,407
Investments	FVTPL	3,007,523	2,985,916
Bonds	Amortized cost	215,984	115,458
Accounts payable and accrued liabilities	Amortized cost	(889,425)	(972,079)

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, 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.

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9. Financial Instruments and Risk Management (continued)

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 November 30, 2021				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	3,483,745	-	-	-	3,483,745
Investments	-	-	3,007,523	-	3,007,523
Bonds	-	-	215,984	-	215,984
Accounts payable and accrued liabilities	(889,425)	-	-	-	(889,425)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At November 30, 2021, 1 Canadian Dollar was equal to 1.10 AUD Dollar, 0.69 Euro, 7.06 SEK, and 0.78 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	376,036	113,208	91,281	64,892	602,045
GST/VAT receivable	99,020	29,854	25	-	133,289
Bonds	26,955	97,500	64,130	32,077	215,984
Accounts payable and accrued liabilities	(226,499)	(327,921)	(14,125)	-	(683,156)
	<u>275,512</u>	<u>(87,359)</u>	<u>141,311</u>	<u>96,969</u>	<u>268,162</u>

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9. Financial Instruments and Risk Management (continued)

Based on the net exposures as of November 30, 2021 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUD Dollar and US Dollar would result in the Company's net income being approximately \$27,000 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.

10. Supplemental Cash Flow Information

During the six months ended November 30, 2021 and 2020 non-cash activities were conducted by the Company as follows:

	2021 \$	2020 \$
Operating activity		
Accounts payable and accrued liabilities	<u>207,126</u>	<u>494,737</u>
Investing activity		
Exploration and evaluation assets	<u>(207,136)</u>	<u>(494,737)</u>
Financing activities		
Issuance of share capital	158,405	145,083
Share-based payments reserve	<u>(158,405)</u>	<u>(145,083)</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 November 30, 2021					
	Canada \$	Finland \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	2,994,289	295,697	453,269	-	13,142	3,756,397
Investments	3,007,523	-	-	-	-	3,007,523
Property, plant and equipment	-	75,048	86,541	-	-	161,589
Exploration and evaluation assets	-	40,798,902	5,686,041	-	-	46,484,943
Bonds	-	141,347	24,520	41,033	9,084	215,984
Deferred share issue costs	<u>57,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,000</u>
	<u>6,058,812</u>	<u>41,310,994</u>	<u>6,250,371</u>	<u>41,033</u>	<u>22,226</u>	<u>53,683,436</u>

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11. Segmented Information (continued)

	As at May 31, 2021					
	Canada \$	Finland \$	Australia \$	USA \$	Sweden \$	Total \$
Current assets	6,692,414	262,450	699,838	-	11,679	7,666,381
Investments	2,985,916	-	-	-	-	2,985,916
Property, plant and equipment	-	89,600	38,626	-	-	128,226
Exploration and evaluation assets	-	39,482,074	4,584,235	-	-	44,066,309
Bonds	-	44,118	23,284	38,723	9,333	115,458
	<u>9,678,330</u>	<u>39,878,242</u>	<u>5,345,983</u>	<u>38,723</u>	<u>21,012</u>	<u>54,962,290</u>

12. Events after the Reporting Period

- (a) On December 9, 2021 the Company completed a public offering totalling 36,667,000 common shares of the Company at \$0.15 per unit for gross proceeds of \$5,500,050. The Company paid cash commissions totalling \$321,003 and issued 2,200,020 share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.15 per share until December 9, 2023.

As at November 30, 2021 the Company had incurred \$57,000 for legal costs associated with this offering.

- (b) On December 22, 2021 the Company granted share options to a consultant to purchase 100,000 common shares at an exercise price of \$0.155 per share expiring December 22, 2024.
- (c) Subsequent to November 30, 2021 the Company made a payment of AUD \$50,000 for the second anniversary payment on the Whroo JV Agreement and notified Nagambie that it had satisfied the exploration expenditures required to earn the initial 25% interest in the Whroo JV.