
MAWSON GOLD LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2023

(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, 2023 \$ | May 31, 2023 \$ |
|---|------|----------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | 7,619,037 | 14,680,432 |
| GST/VAT receivable | | 230,561 | 220,396 |
| Prepaid expenses and deposits | | 98,107 | 91,760 |
| Total current assets | | 7,947,705 | 14,992,588 |
| Non-current assets | | | |
| Investments | 4 | 1,444,292 | 1,896,771 |
| Property, plant and equipment | 5 | 3,255,227 | 2,096,311 |
| Exploration and evaluation assets | 6 | 22,805,758 | 56,160,996 |
| Right of use assets | 7 | 822,282 | 840,375 |
| Bonds | | 278,790 | 236,719 |
| Total non-current assets | | 28,606,349 | 61,231,172 |
| TOTAL ASSETS | | 36,554,054 | 76,223,760 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 2,406,359 | 1,739,932 |
| Current portion of lease liabilities | 7 | 176,059 | 139,537 |
| Total current liabilities | | 2,582,418 | 1,879,469 |
| Non-current liabilities | | | |
| Lease liabilities | 7 | 664,583 | 710,097 |
| Total non-current liabilities | | 664,583 | 710,097 |
| TOTAL LIABILITIES | | 3,247,001 | 2,589,566 |
| EQUITY | | | |
| Share capital | 8 | 95,175,134 | 93,993,681 |
| Share-based payments reserve | | 10,294,223 | 10,683,524 |
| Equity attributable to parent | | 8,268,857 | 8,268,857 |
| Foreign currency translation reserve | | (221,651) | (431,946) |
| Deficit | | (94,592,179) | (52,750,309) |
| Equity attributable to Company shareholders | | 18,924,384 | 59,763,807 |
| Non-controlling interest | 9 | 14,382,669 | 13,870,387 |
| TOTAL EQUITY | | 33,307,053 | 73,634,194 |
| TOTAL LIABILITIES AND EQUITY | | 36,554,054 | 76,223,760 |

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 14

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 11, 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) INCOME AND
COMPREHENSIVE (LOSS) INCOME
(Unaudited - Expressed in Canadian Dollars)

| | Note | Three Months Ended November 30 | | Six Months Ended November 30 | |
|---|-------|-----------------------------------|--------------------|---------------------------------|--------------------|
| | | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Expenses | | | | | |
| Accounting and administration | 10(b) | 84,768 | 87,738 | 141,338 | 122,629 |
| Accretion of interest on lease liabilities | 7 | 18,169 | - | 36,514 | - |
| Audit | | 32,721 | 29,222 | 100,721 | 111,440 |
| Corporate development | | 133,851 | 103,440 | 191,289 | 190,317 |
| Depreciation and amortization | 5 & 7 | 72,575 | 11,155 | 135,928 | 20,453 |
| Director and officer compensation | 10 | 72,221 | 213,280 | 142,816 | 425,659 |
| General exploration | | - | 14,700 | - | 28,187 |
| Legal | | 138,448 | 154,926 | 171,421 | 163,908 |
| Office and sundry | | 50,987 | 28,250 | 155,171 | 85,282 |
| Professional fees | | 269,387 | 139,369 | 447,135 | 246,093 |
| Regulatory fees | | 11,196 | 59,481 | 59,884 | 79,010 |
| Rent | | 7,612 | 41,514 | 25,322 | 81,421 |
| Salaries and benefits | | 215,770 | 110,268 | 387,808 | 171,589 |
| Share-based compensation | 8(d) | 1,505,006 | 155,394 | 2,048,698 | 256,731 |
| Shareholder costs | | 36,534 | 12,270 | 40,532 | 12,270 |
| Transfer agent | | 20,560 | 16,200 | 27,324 | 22,866 |
| Travel | | 53,431 | 54,958 | 90,754 | 90,014 |
| | | <u>2,723,236</u> | <u>1,232,165</u> | <u>4,202,655</u> | <u>2,107,869</u> |
| Loss before other items | | <u>(2,723,236)</u> | <u>(1,232,165)</u> | <u>(4,202,655)</u> | <u>(2,107,869)</u> |
| Other items | | | | | |
| Interest income | | 4,007 | 26,358 | 13,524 | 52,503 |
| Foreign exchange | | (41,784) | (257,745) | (24,482) | (221,467) |
| Impairment | 6(a) | (39,020,951) | - | (39,020,951) | - |
| Unrealized gain (loss) on investments | 4(b) | 38,862 | 381,387 | (452,479) | 1,135,076 |
| | | <u>(39,019,866)</u> | <u>150,000</u> | <u>(39,484,388)</u> | <u>966,112</u> |
| Net loss for the period | | <u>(41,743,102)</u> | <u>(1,082,165)</u> | <u>(43,687,043)</u> | <u>(1,141,757)</u> |
| Other comprehensive income | | | | | |
| Currency translation adjustment | | <u>748,634</u> | <u>588,698</u> | <u>420,590</u> | <u>61,861</u> |
| Comprehensive loss for the period | | <u>(40,994,468)</u> | <u>(493,467)</u> | <u>(43,266,453)</u> | <u>(1,079,896)</u> |
| Net loss attributable to: | | | | | |
| Shareholders of the Company | | (40,667,437) | (839,238) | (41,841,870) | (733,434) |
| Non-controlling interest | | <u>(1,075,665)</u> | <u>(242,927)</u> | <u>(1,845,173)</u> | <u>(408,323)</u> |
| Net loss for the period | | <u>(41,743,102)</u> | <u>(1,082,165)</u> | <u>(43,687,043)</u> | <u>(1,141,757)</u> |
| Comprehensive loss attributable to: | | | | | |
| Shareholders of the Company | | (40,293,120) | (486,019) | (41,631,575) | (696,317) |
| Non-controlling interest | | <u>(701,348)</u> | <u>(7,448)</u> | <u>(1,634,878)</u> | <u>(383,579)</u> |
| Comprehensive loss for the period | | <u>(40,994,468)</u> | <u>(493,467)</u> | <u>(43,266,453)</u> | <u>(1,079,896)</u> |
| Basic and diluted loss per common share | | <u>\$(0.14)</u> | <u>\$(0.00)</u> | <u>\$(0.15)</u> | <u>\$(0.00)</u> |
| Weighted average number of common shares outstanding | | <u>296,670,372</u> | <u>293,590,800</u> | <u>295,781,702</u> | <u>293,590,800</u> |

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

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

| Six Months Ended November 30, 2023 | | | | | | | | |
|---|----------------------|--|---|--|-----------------------|--|--------------------------------|-------------------|
| Share Capital | | Share-Based Payments Reserve \$ | Equity Attributable to Parent \$ | Foreign Currency Translation Reserve \$ | Deficit \$ | Non-controlling Interest \$ | Total Equity \$ | |
| Number of Shares | Amount \$ | | | | | | | |
| 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 | 2,660,000 | 627,150 | - | - | - | - | - | 627,150 |
| - warrants exercised | 1,100,010 | 165,002 | - | - | - | - | - | 165,002 |
| Transfer on exercise of: | | | | | | | | |
| - share options | - | 323,300 | (323,300) | - | - | - | - | - |
| - warrants | - | 66,001 | (66,001) | - | - | - | - | - |
| Share-based compensation: | | | | | | | | |
| - share options | - | - | - | - | - | - | 2,048,698 | 2,048,698 |
| Currency translation adjustment | - | - | - | 210,295 | - | - | 210,295 | 420,590 |
| Net loss for the period | - | - | - | - | (41,841,870) | - | (1,845,173) | (43,687,043) |
| Change in ownership interest in subsidiary | - | - | - | - | - | - | 98,462 | 98,462 |
| Balance at November 30, 2023 | 298,570,820 | 95,175,134 | 10,294,223 | 8,268,857 | (221,651) | (94,592,179) | 14,382,669 | 33,307,053 |

| Six Months Ended November 30, 2022 | | | | | | | | |
|---|----------------------|--|---|--|-----------------------|--|--------------------------------|-------------------|
| Share Capital | | Share-Based Payments Reserve \$ | Equity Attributable to Parent \$ | Foreign Currency Translation Reserve \$ | Deficit \$ | Non-controlling Interest \$ | Total Equity \$ | |
| Number of Shares | Amount \$ | | | | | | | |
| Balance at May 31, 2022 | 293,590,800 | 93,723,078 | 9,402,625 | 2,839,864 | 16,412 | (47,796,876) | 7,329,366 | 65,514,469 |
| Share-based compensation | | | | | | | | |
| - share options | - | - | 49,800 | - | - | - | 206,931 | 256,731 |
| Currency translation adjustment | - | - | - | 37,117 | - | - | 24,744 | 61,861 |
| Net loss for the period | - | - | - | - | (733,434) | - | (408,323) | (1,141,757) |
| Change in ownership interest in subsidiary | - | - | - | 4,071,311 | - | - | 9,601,543 | 13,672,854 |
| Balance at November 30, 2022 | 293,590,800 | 93,723,078 | 9,452,425 | 6,911,175 | 53,529 | (48,530,310) | 16,754,261 | 78,364,158 |

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, | |
|--|----------------------------------|--------------------|
| | 2023 \$ | 2022 \$ |
| Operating activities | | |
| Net loss for the period | (43,687,043) | (1,141,757) |
| Adjustments for: | | |
| Depreciation and amortization | 135,928 | 20,453 |
| Impairment | 39,020,951 | - |
| Foreign exchange | 563,761 | (30,800) |
| Share-based compensation | 2,048,698 | 256,731 |
| Accretion of interest on lease liability | 36,514 | - |
| Unrealized gain on investments | 452,479 | (1,135,076) |
| Changes in non-cash working capital items: | | |
| GST/VAT receivables | (10,165) | (173,543) |
| Prepaid expenses and deposits | (6,347) | 25,482 |
| Accounts payable and accrued liabilities | 287,461 | 56,957 |
| Net cash used in operating activities | <u>(1,157,763)</u> | <u>(2,121,553)</u> |
| Investing activities | | |
| Expenditures on exploration and evaluation assets | (5,380,352) | (2,755,440) |
| Additions to property, plant and equipment | (1,146,978) | (53,403) |
| Additions to bonds | (54,971) | - |
| Redemption of bonds | 14,360 | - |
| Net cash used in investing activities | <u>(6,567,941)</u> | <u>(2,808,843)</u> |
| Financing activities | | |
| Issuance of common shares | 792,152 | - |
| Payments on lease liabilities | (86,812) | - |
| Net proceeds from Southern Cross private placement | 98,462 | 13,672,854 |
| Net cash provided by financing activities | <u>803,802</u> | <u>13,672,854</u> |
| Effect of exchange rate changes on cash | <u>(139,493)</u> | <u>(88,705)</u> |
| Net change in cash | (7,061,395) | 8,653,753 |
| Cash at beginning of period | <u>14,680,432</u> | <u>12,141,196</u> |
| Cash at end of period | <u>7,619,037</u> | <u>20,794,949</u> |

Supplemental cash flow information - Note 12

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, 2023
(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 Toronto 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 November 30, 2023 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, 2023 the Company had working capital in the amount of \$5,365,287, which included cash of \$7,619,037 and of which \$7,157,308 was attributed to its 51% 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. In October 2023 the Company entered into an agreement to dispose of its wholly-owned Finish subsidiary, Mawson Oy, as described in Notes 3 and 14(b). 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. 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.

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, 2023, 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, 2023.

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 SIX MONTHS ENDED NOVEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

3. Subsidiaries

In addition to the Company, the condensed consolidated interim 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.

As at November 30, 2023 the significant 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% |
| Euro Canna Holdings Ltd. | Canada | 100% |
| Southern Cross Gold Ltd. and Australian subsidiaries (Note 9) | Australia | 51% |

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 Springtide Capital Acquisitions 7 Inc. ("Springtide") for \$6,500,000 cash (the "Springtide Transaction"). Springtide is a newly incorporated arm's length entity existing under the laws of Ontario, which was established for the purpose of completing the Springtide Transaction and currently has no significant assets or liabilities.

The Springtide Transaction is subject to certain conditions, including:

- (i) Springtide will undertake a private placement of special warrants ("Springtide Special Warrants") to the shareholders of the Company on a pro-rata basis of 1 common share of Springtide ("Springtide Share") at \$1 per Springtide Share for every 20 common shares of the Company to raise a minimum of \$15,000,000 (the "Transaction Financing"); and
- (ii) \$6,500,000 of the proceeds from the Transaction Financing will be paid to the Company as consideration to the Springtide Transaction.

See also Note 14(b).

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

4. Investments

| | | As at November 30, 2023 | | |
|---------------|---------------|--------------------------------|--|----------------------------------|
| | Number | Cost \$ | Unrealized Loss \$ | Carrying Value \$ |
| Common shares | | | | |
| | 53,361,046 | 1,768,741 | (327,918) | 1,440,823 |
| | 18,750 | <u>45,000</u> | <u>(41,531)</u> | <u>3,469</u> |
| | | <u>1,813,741</u> | <u>(369,449)</u> | <u>1,444,292</u> |
| | | As at May 31, 2023 | | |
| | Number | Cost \$ | Unrealized Gain (Loss) \$ | Carrying Value \$ |
| Common shares | | | | |
| | 53,361,046 | 1,768,741 | 121,092 | 1,889,833 |
| | 18,750 | <u>45,000</u> | <u>(38,062)</u> | <u>6,938</u> |
| | | <u>1,813,741</u> | <u>83,030</u> | <u>1,896,771</u> |

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

The Company also has purchased an additional 3,361,046 ordinary shares of Nagambie for a total of \$196,241.

- (b) The carrying values of the investments were determined using quoted market values. During the six months ended November 30, 2023 the Company recorded an unrealized loss of \$452,479 (2022 - gain of \$1,135,076) on its investments held.

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

5. Property, Plant and Equipment

| Cost: | Land | Office and Field Equipment | Vehicles | Total |
|----------------------------------|------------------|---|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at May 31, 2022 | 1,787,564 | 159,171 | 361,983 | 2,308,718 |
| Additions | 2,704 | 112,485 | 164,425 | 279,614 |
| Foreign exchange movement | <u>(53,558)</u> | <u>7,037</u> | <u>(5,599)</u> | <u>(52,120)</u> |
| Balance at May 31, 2023 | 1,736,710 | 278,693 | 520,809 | 2,536,212 |
| Additions | 1,144,077 | 2,901 | - | 1,146,978 |
| Foreign exchange movement | <u>53,095</u> | <u>2,674</u> | <u>3,663</u> | <u>59,432</u> |
| Balance at November 30, 2023 | <u>2,933,882</u> | <u>284,268</u> | <u>524,472</u> | <u>3,742,622</u> |
| Accumulated Depreciation: | | | | |
| Balance at May 31, 2022 | - | (118,507) | (254,846) | (373,353) |
| Depreciation | - | (15,889) | (42,753) | (58,642) |
| Foreign exchange movement | <u>-</u> | <u>(14,974)</u> | <u>7,068</u> | <u>(7,906)</u> |
| Balance at May 31, 2023 | - | (149,370) | (290,531) | (439,901) |
| Depreciation | - | (16,015) | (29,475) | (45,490) |
| Foreign exchange movement | <u>-</u> | <u>(776)</u> | <u>(1,228)</u> | <u>(2,004)</u> |
| Balance at November 30, 2023 | <u>-</u> | <u>(166,161)</u> | <u>(321,234)</u> | <u>(487,395)</u> |
| Carrying Value: | | | | |
| Balance at May 31, 2023 | <u>1,736,710</u> | <u>129,323</u> | <u>230,278</u> | <u>2,096,311</u> |
| Balance at November 30, 2023 | <u>2,933,882</u> | <u>118,107</u> | <u>203,238</u> | <u>3,255,227</u> |

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

| | As at November 30, 2023 | | | | |
|------------------|-------------------------------------|--|---|--------------------------|---------------------|
| | Acquisition Costs \$ | Deferred Exploration Costs \$ | Foreign Exchange Movement \$ | Impairment \$ | Total \$ |
| Finland | | | | | |
| Rajapalot | 4,060,837 | 41,450,874 | - | (39,020,951) | 6,490,760 |
| Sweden | | | | | |
| Skelleftea North | 70,357 | 258,979 | - | | 329,336 |
| Other | 40,748 | - | - | - | 40,748 |
| Australia | | | | | |
| Sunday Creek | 789,193 | 12,581,620 | (65,560) | - | 13,305,253 |
| Redcastle | 282,538 | 1,616,455 | (40,179) | - | 1,858,814 |
| Whroo JV | 107,352 | 691,249 | (17,754) | - | 780,847 |
| | <u>5,351,025</u> | <u>56,599,177</u> | <u>(123,493)</u> | <u>(39,020,951)</u> | <u>22,805,758</u> |
| | | | | | |
| | As at May 31, 2023 | | | | |
| | Acquisition Costs \$ | Deferred Exploration Costs \$ | Foreign Exchange Movement \$ | Total \$ | |
| Finland | | | | | |
| Rajapalot | | 3,935,930 | 40,888,935 | - | 44,824,865 |
| Sweden | | | | | |
| Skelleftea North | | 70,357 | 258,979 | - | 329,336 |
| Other | | 40,748 | - | - | 40,748 |
| Australia | | | | | |
| Sunday Creek | | 780,616 | 8,222,758 | (303,680) | 8,699,694 |
| Redcastle | | 39,601 | 1,586,580 | (73,446) | 1,552,735 |
| Whroo JV | | 107,352 | 637,994 | (31,728) | 713,618 |
| | | <u>4,974,604</u> | <u>51,595,246</u> | <u>(408,854)</u> | <u>56,160,996</u> |

MAWSON GOLD LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

| | Finland | Sweden | | Australia | | | | Total \$ |
|-------------------------------------|---------------------|---------------------------|---------------|--------------------|------------------|-----------------|--------------------|---------------------|
| | Rajapalot \$ | Skelleftea North \$ | Other \$ | Sunday Creek \$ | Redcastle \$ | Whroo JV \$ | Mount Isa SE \$ | |
| Balance at May 31, 2022 | <u>43,015,492</u> | <u>70,357</u> | <u>-</u> | <u>3,585,694</u> | <u>1,489,950</u> | <u>595,231</u> | <u>886,474</u> | <u>49,643,198</u> |
| Exploration costs | | | | | | | | |
| Assays | 84,894 | 26,877 | - | - | - | - | - | 111,771 |
| Consulting | 734,826 | 55,745 | - | 697,342 | 36,151 | 25,167 | 16,342 | 1,565,573 |
| Drilling | 89,944 | 145,815 | - | 3,257,194 | - | - | - | 3,492,953 |
| Exploration site | 2,266 | - | - | 230,858 | 18,984 | 46,702 | 377 | 299,187 |
| Field equipment | 3,159 | - | - | 122,401 | 3,266 | 1,845 | - | 130,671 |
| Field workers | 33,418 | - | - | - | - | - | - | 33,418 |
| Fuel | 9,534 | - | - | 15,527 | 2,390 | 1,207 | - | 28,658 |
| Geochemical | 100,998 | - | - | 370,379 | 4,559 | - | - | 475,936 |
| Geological | 33,892 | 11,852 | - | 49,619 | - | 10,077 | - | 105,440 |
| Geophysics | 47,157 | 18,690 | - | 29,052 | - | - | - | 94,899 |
| Metallurgy | - | - | - | 43,488 | - | - | - | 43,488 |
| Salaries and benefits | 502,064 | - | - | 458,667 | 29,533 | 43,193 | - | 1,033,457 |
| Travel | 7,528 | - | - | 24,703 | 3,539 | 3,529 | 865 | 40,164 |
| Vehicle rental and other | 10,174 | - | - | 20,712 | 2,745 | 832 | - | 34,463 |
| Government assistance | (102,343) | - | - | - | - | - | - | (102,343) |
| | <u>1,557,511</u> | <u>258,979</u> | <u>-</u> | <u>5,319,942</u> | <u>101,167</u> | <u>132,552</u> | <u>17,584</u> | <u>7,387,735</u> |
| Acquisition costs | | | | | | | | |
| Mining rights | 251,862 | - | 40,748 | 16,555 | 1,330 | 4,086 | 32,615 | 347,196 |
| Foreign exchange movement | <u>-</u> | <u>-</u> | <u>-</u> | <u>(222,497)</u> | <u>(39,712)</u> | <u>(18,251)</u> | <u>1,816</u> | <u>(278,644)</u> |
| Impairment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(938,489)</u> | <u>(938,489)</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>-</u> | <u>56,160,996</u> |
| Exploration costs | | | | | | | | |
| Assays | 102,133 | - | - | - | - | - | - | 102,133 |
| Consulting | 111,803 | - | - | 529,058 | 13,347 | 4,039 | - | 658,247 |
| Drilling | - | - | - | 2,851,787 | - | - | - | 2,851,787 |
| Exploration site | 15,535 | - | - | 188,123 | 5,877 | 11,330 | - | 220,865 |
| Field equipment | 8,113 | - | - | 126,164 | 648 | - | - | 134,925 |
| Field workers | 34,947 | - | - | - | - | - | - | 34,947 |
| Fuel | 6,168 | - | - | 9,988 | 478 | - | - | 16,634 |
| Geochemical | 8,917 | - | - | 378,137 | - | - | - | 387,054 |
| Geological | 16,892 | - | - | 79,214 | - | - | - | 96,106 |
| Metallurgy | - | - | - | 15,675 | - | - | - | 15,675 |
| Salaries and benefits | 256,902 | - | - | 168,247 | 8,736 | 36,361 | - | 470,246 |
| Travel | 529 | - | - | 7,032 | 280 | - | - | 7,841 |
| Vehicle rental and other | - | - | - | 5,437 | 509 | 1,525 | - | 7,471 |
| | <u>561,939</u> | <u>-</u> | <u>-</u> | <u>4,358,862</u> | <u>29,875</u> | <u>53,255</u> | <u>-</u> | <u>5,003,931</u> |
| Acquisition costs | | | | | | | | |
| Mining rights | 124,907 | - | - | 8,577 | 242,937 | - | - | 376,421 |
| Foreign exchange movement | <u>-</u> | <u>-</u> | <u>-</u> | <u>238,120</u> | <u>33,267</u> | <u>13,974</u> | <u>-</u> | <u>285,361</u> |
| Impairment provision | <u>(39,020,951)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(39,020,951)</u> |
| Balance at November 30, 2023 | <u>6,490,760</u> | <u>329,336</u> | <u>40,748</u> | <u>13,305,253</u> | <u>1,858,814</u> | <u>780,847</u> | <u>-</u> | <u>22,805,758</u> |

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6. Exploration and Evaluation Assets (continued)

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

As at November 30, 2023 the Company holds claims and exploration permits (the Rajapalot Gold Project”) which have been granted or are under application in northern Finland. On October 30, 2023 the Company agreed to conduct the Springtime Transaction to sell Mawson Oy, as described in Notes 3 and 14(b). Accordingly, during the six months ended November 30, 2023, 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.

(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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6. 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 has 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 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, 2023 the Company has not met its obligations under the Whroo JV Agreement. Both parties have agreed that the Whroo JV Agreement remains in good standing and are in negotiations to revise the terms.

(iv) *Mount Isa SE, Australia*

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

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

(v) *Commitments*

Australia tenement spending commitments are subject to renegotiation when an application for a mining lease and/or renewal of exploration permits are made or at other times and are subject to whether the Company decides to continue a tenement’s rights until its expiry. The amounts detailed below are the minimum expenditures required to maintain ownership of the current tenements held as at November 30, 2023.

| | AUD \$ |
|-------------------|------------------|
| Within one year | 968,000 |
| One to five years | <u>4,095,400</u> |
| Total | <u>5,063,400</u> |

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7. Right of Use Assets

| | \$ |
|----------------------------------|------------------|
| Cost: | |
| Balance at May 31, 2022 | - |
| Additions | 897,692 |
| Foreign exchange movement | <u>(10,813)</u> |
| Balance at May 31, 2023 | 886,879 |
| Additions | 68,177 |
| Foreign exchange movement | <u>5,244</u> |
| Balance at November 30, 2023 | <u>960,300</u> |
| Accumulated amortization: | |
| Balance at May 31, 2022 | - |
| Amortization | (46,844) |
| Foreign exchange movement | <u>340</u> |
| Balance at May 31, 2023 | (46,504) |
| Amortization | (90,438) |
| Foreign exchange movement | <u>(1,076)</u> |
| Balance at November 30, 2023 | <u>(138,018)</u> |
| Carrying value: | |
| Balance at May 31, 2023 | <u>840,375</u> |
| Balance at November 30, 2023 | <u>822,282</u> |

The Company has lease contracts for office and warehouse premises. It does not have any subleases. As at November 30, 2023 the lease liabilities have remaining lease terms of approximately four to six years or less and were determined using effective interest rates of between 5% to 10%. The undiscounted cash-flows over the remaining lease terms are approximately \$1,033,559.

| | \$ |
|--|-----------------|
| Balance, at May 31, 2022 | - |
| Additions | 897,692 |
| Accretion of interest | 20,032 |
| Payments | (55,350) |
| Foreign exchange movement | <u>(12,740)</u> |
| Balance, at May 31, 2023 | 849,634 |
| Additions | 69,807 |
| Accretion of interest | 36,514 |
| Payments | (86,812) |
| Foreign exchange movement | <u>(28,501)</u> |
| Balance, at November 30, 2023 | <u>840,642</u> |
| Current portion of lease liabilities | 176,059 |
| Non-current portion of lease liabilities | <u>664,583</u> |
| Total lease liabilities | <u>840,642</u> |

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7. Right of Use Assets (continued)

As at November 30, 2023 the total of future minimum lease payments under the lease are as follows:

| | |
|-----------------------|------------------|
| | \$ |
| Less than one year | 244,851 |
| Greater than one year | <u>788,708</u> |
| | <u>1,033,559</u> |

8. Share Capital

(a) *Authorized Share Capital*

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

(b) *Equity Financings*

The Company did not conduct any equity financings during the six months ended November 30, 2023 or fiscal 2023.

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

(i) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2023 and 2022 and the changes for the six months ended on those dates, is as follows:

| | <u>2023</u> | | <u>2022</u> | |
|------------------------------|--------------------|--|------------------|--|
| | Number | Weighted Average Exercise Price \$ | Number | Weighted Average Exercise Price \$ |
| Balance, beginning of period | 1,100,010 | 0.15 | 2,200,020 | 0.15 |
| Exercised | <u>(1,100,010)</u> | 0.15 | <u>-</u> | - |
| Balance, end of period | <u>-</u> | - | <u>2,200,020</u> | 0.15 |

As at November 30, 2023 no warrants were outstanding.

(ii) During fiscal 2023 Southern Cross issued 3,000,000 options (the "Lead Manager Options") to its broker in connection with its private placement conducted in November 2022, as described in Note 9. Each Lead Manager Option entitles the holder to purchase an additional ordinary share of Southern Cross at a price of AUD \$0.87 per share until November 28, 2025. The fair value of the Broker Options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 3.13%; expected volatility of 120%; an expected life of 3 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the Lead Manager was \$1,258,076. The weighted average fair value of the Lead Manager Options issued was \$0.42 per Lead Manager Option. As at November 30, 2023 all 3,000,000 Lead Manager options remained unexercised.

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8. 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. As at November 30, 2023 all 6,500,000 Broker Options remained unexercised.

(d) *Share Option Plan*

- (i) The Company has established a rolling share option plan (the “Plan”) in which the maximum number of common shares which can be reserved for issuance under the Plan which, when combined with the number of common shares issued under the Restricted Share Unit Plan adopted in Note 8(e), is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company’s closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

No share options were granted during the six months ended November 30, 2023.

During the six months ended November 30, 2022 the Company granted share options to purchase a total of 600,000 common shares and recorded compensation expense of \$49,800 on the granting of these share options. The fair value of Company share options granted and vested during the six months ended November 30, 2022 was estimated using the Black-Scholes option pricing model using the following assumptions:

| | <u>2022</u> |
|---------------------------|-------------|
| Risk-free interest rate | 3.47% |
| Estimated volatility | 76% |
| Expected life | 3 years |
| Expected dividend yield | 0% |
| Estimated forfeiture rate | 0% |

The weighted average measurement date fair value of all share options granted during the six months ended November 30, 2022 was \$0.08 per share option.

A summary of the Company’s share options at November 30, 2023 and 2022 and the changes for the six months ended on those dates, is as follows:

| | <u>2023</u> | | <u>2022</u> | |
|------------------------------|-------------------------------------|---|-------------------------------------|---|
| | Number of Options Outstanding | Weighted Average Exercise Price \$ | Number of Options Outstanding | Weighted Average Exercise Price \$ |
| Balance, beginning of period | 16,500,000 | 0.26 | 13,297,520 | 0.27 |
| Granted | - | - | 600,000 | 0.15 |
| Exercised | (2,660,000) | 0.24 | - | - |
| Expired | <u>(1,455,000)</u> | 0.38 | <u>(1,247,520)</u> | 0.29 |
| Balance, end of period | <u>12,385,000</u> | 0.25 | <u>12,650,000</u> | 0.26 |

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8. Share Capital (continued)

The following table summarizes information about the Company share options outstanding and exercisable at November 30, 2023:

| Number Outstanding and Exercisable | Exercise Price \$ | Expiry Date |
|--|-------------------------|-------------------|
| 150,000 | 0.37 | January 18, 2024 |
| 600,000 | 0.15 | January 25, 2024 |
| 900,000 | 0.24 | January 25, 2024 |
| 3,265,000 | 0.275 | February 12, 2024 |
| 100,000 | 0.26 | March 9, 2024 |
| 100,000 | 0.245 | August 9, 2024 |
| 900,000 | 0.24 | August 22, 2024 |
| <u>6,370,000</u> | 0.24 | February 10, 2026 |
| <u>12,385,000</u> | | |

See also Note 14(a).

- (ii) During the six months ended November 30, 2023 Southern Cross granted share options to purchase a total of 7,050,000 (2022 - nil) ordinary shares of Southern Cross and recorded compensation expense of \$1,972,576 (2022 - \$nil).

During the six months ended November 30, 2023 Southern Cross recorded additional compensation expense of \$76,122 (2022 - \$206,931) on the vesting of share options previously granted.

A summary of Southern Cross share options at November 30, 2023 and 2022 and the changes for the six months ended on that date, is as follows:

| | 2023 | | 2022 | |
|------------------------------|-------------------------------------|---|-------------------------------------|---|
| | Number of Options Outstanding | Weighted Average Exercise Price AUD \$ | Number of Options Outstanding | Weighted Average Exercise Price AUD \$ |
| Balance, beginning of period | 8,349,999 | 0.30 | 8,970,000 | 0.30 |
| Granted | <u>7,050,000</u> | 1.05 | <u>-</u> | - |
| Balance, end of period | <u>15,399,999</u> | 0.64 | <u>8,970,000</u> | 0.30 |

The following table summarizes information about Southern Cross share options outstanding and exercisable at November 30, 2023:

| Number Outstanding | Number Exercisable | Exercise Price AUD \$ | Expiry Date |
|-----------------------|-----------------------|-----------------------------|------------------|
| 2,783,333 | 2,783,333 | 0.30 | May 5, 2025 |
| 2,783,333 | 2,783,333 | 0.30 | May 5, 2026 |
| 2,000,000 | 2,000,000 | 0.66 | August 15, 2026 |
| 1,500,000 | 1,500,000 | 1.20 | October 23, 2026 |
| 3,550,000 | 3,550,000 | 1.20 | November 7, 2026 |
| <u>2,783,333</u> | <u>-</u> | 0.30 | May 5, 2027 |
| <u>15,399,999</u> | <u>12,616,666</u> | | |

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8. Share Capital (continued)

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

On November 6, 2018 the Company adopted a restricted share unit plan (the “RSU Plan”). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company’s share option plan, will not exceed 10% of the Company’s outstanding common shares. As of November 30, 2023 the Company has been authorized to issued up to 2,000,000 RSUs.

No RSUs have been awarded during the six months ended November 30, 2023 and 2022.

9. Non-controlling Interests

During fiscal 2022 the Company completed a strategic review of its exploration and evaluation assets and 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.

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.

On January 20, 2022 and February 4, 2022 Southern Cross completed private placements and issued a total of 17,031,250 ordinary shares to raise AUD \$2,725,000 and the Company’s interest in Southern Cross was diluted to 84.6% by the issuance of the additional equity by Southern Cross. On May 5, 2022 Southern Cross completed its IPO and issued 45,466,500 ordinary shares for gross proceeds of AUD \$9,093,300 diluting the Company’s interest in Southern Cross to 60%. In November 2022 Southern Cross completed a private placement and issued 27,396,548 ordinary shares for gross proceeds of AUD \$15,889,998 further diluting Mawson’s interest in Southern Cross to 50.99%. In July 2023 Southern Cross completed a private placement and issued 189,658 ordinary shares for gross proceeds of AUD \$110,002 further diluting the Company’s interest in Southern Cross to 50.94%. The reductions in the Company’s ownership interest did not result in a loss of control and has been recorded as equity transactions.

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

| | \$ |
|---|--------------------|
| Balance at May 31, 2022 | 7,329,366 |
| Non-controlling interest adjustment for change in ownership interests | 8,300,660 |
| Share-based compensation adjustment | 370,865 |
| Currency translation adjustment | (448,358) |
| Share of loss for the period June 1, 2022 to May 31, 2023 | <u>(1,682,146)</u> |
| Balance at May 31, 2023 | 13,870,387 |
| Non-controlling interest adjustment for change in ownership interests | 98,462 |
| Share-based compensation adjustment | 2,048,698 |
| Currency translation adjustment | 210,295 |
| Share of loss for the period June 1, 2023 to November 30, 2023 | <u>(1,845,173)</u> |
| Balance at November 30, 2023 | <u>14,382,669</u> |

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9. Non-controlling Interests (continued)

The following table summarizes the consolidated assets and liabilities of Southern Cross and the share of net liabilities which are attributable to the non-controlling interest as at November 30, 2023 and 2022.

| | 2023 \$ | 2022 \$ |
|-------------------------------------|-------------------|-------------------|
| Assets | | |
| Current | 7,332,787 | 18,397,474 |
| Non-current | <u>21,130,507</u> | <u>14,437,065</u> |
| | 28,463,294 | 32,834,539 |
| Liabilities | | |
| Current | (1,824,209) | (849,589) |
| Non-current | <u>(155,651)</u> | <u>-</u> |
| Net assets | <u>26,483,434</u> | <u>31,984,950</u> |
| Non-controlling interest percentage | <u>49.06%</u> | <u>49%</u> |

The following table presents the loss and comprehensive loss attributable to the non-controlling interest ("NCI") for the six months ended November 30, 2023 and 2022.

| | 2023 \$ | 2022 \$ |
|-----------------------------------|--------------------|------------------|
| Loss for the period - NCI | (1,845,173) | (408,323) |
| Currency translation adjustment | <u>210,295</u> | <u>24,744</u> |
| Comprehensive loss for the period | <u>(1,634,878)</u> | <u>(383,579)</u> |

10. 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, 2023 the Company incurred a total of \$181,003 (2022 - \$340,112) to current and former key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$112,500 (2022 - \$278,902) to directors and officers compensation and capitalized \$68,503 (2022 - \$61,210) to exploration and evaluation assets. As at November 30, 2023 \$63,000 (May 31, 2023 - \$53,466) remained unpaid and has been included in accounts payable and accrued liabilities.

In addition during the six months ended November 30, 2022 the Company recorded share-based compensation of \$49,800 on the granting of share options to a director.

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 November 30, 2023 the amount payable under the agreement would be \$120,000.

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10. Related Party Disclosures (continued)

- (b) During the six months ended November 30, 2023 the Company incurred a total of \$41,700 (2022 - \$48,600) 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 (2022 - \$2,010) for rent. As at November 30, 2023 \$335 (May 31, 2023 - \$4,820) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During the six months ended November 30, 2023 Southern Cross incurred a total of \$121,176 (2022 - \$146,757) for fees to certain of its key management personnel who are also current and former directors or officers of the Company, of which \$30,316 (2022 - \$146,757) have been expensed to director and officer compensation and \$90,860 (2022 - \$nil) capitalized to exploration and evaluation assets. In addition the Company also recorded \$572,504 (2022 - \$93,430) share-based compensation on the granting and vesting of Southern Cross share options to these key management personnel.

11. 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, 2023 \$ | May 31, 2023 \$ |
|--|-----------------|-------------------------------------|--------------------------------|
| Cash | FVTPL | 7,619,037 | 14,680,432 |
| Investments | FVTPL | 1,444,292 | 1,896,771 |
| Bonds | Amortized cost | 278,790 | 236,719 |
| Accounts payable and accrued liabilities | Amortized cost | (2,406,359) | (1,739,932) |
| Lease liabilities | Amortized cost | (840,642) | (849,634) |

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

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

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

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

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for lease liabilities approximate their fair value and they have interest at market rates for similar debt. The recorded amounts for cash, investments and bonds approximate their fair value. The Company’s fair value of cash, and investments under the fair value hierarchy are measured using Level 1 inputs.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

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11. 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 November 30, 2023 | | | | |
|--|---|---------------------------------|-------------------------------|--------------------------------|---------------------|
| | Less than 3 Months \$ | 3 - 12 Months \$ | 1 - 5 Years \$ | Over 5 Years \$ | Total \$ |
| Cash | 7,619,037 | - | - | - | 7,619,037 |
| Investments | - | - | 1,444,292 | - | 1,444,292 |
| Bonds | - | - | 278,790 | - | 278,790 |
| Accounts payable and accrued liabilities | (2,406,359) | - | - | - | (2,406,359) |
| Lease liabilities | (44,015) | (132,044) | (664,583) | - | (840,642) |

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, 2023, 1 Canadian Dollar was equal to 1.11 AUD Dollar, 0.68 Euro, 7.68 SEK, and 0.74 US Dollar.

Balances are as follows:

| | AUD Dollars | Euros | Swedish Kronors | US Dollars | CDN \$ Equivalent |
|--|------------------------|-----------------|----------------------------|-----------------------|------------------------------|
| Cash | 7,952,149 | 62,851 | 71,133 | 16,904 | 7,288,632 |
| GST/VAT receivable | 193,239 | 22,227 | 3,930 | - | 207,287 |
| Bonds | 51,931 | 132,500 | 64,612 | 21,432 | 278,790 |
| Accounts payable and accrued liabilities | (1,927,126) | (265,913) | (19,281) | - | (2,129,709) |
| | <u>6,270,193</u> | <u>(48,335)</u> | <u>120,394</u> | <u>38,336</u> | <u>5,645,000</u> |

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11. Financial Instruments and Risk Management (continued)

Based on the net exposures as of November 30, 2023 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 or loss being approximately \$559,000 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.

12. Supplemental Cash Flow Information

During the six months ended November 30, 2023 and 2022 non-cash activities were conducted by the Company as follows:

| | 2023 \$ | 2022 \$ |
|--|------------------|------------------|
| Operating activity | | |
| Accounts payable and accrued liabilities | <u>465,657</u> | <u>684,790</u> |
| Investing activity | | |
| Exploration and evaluation assets | <u>(465,657)</u> | <u>(684,790)</u> |
| Financing activities | | |
| Issuance of common shares | 389,301 | - |
| Share-based payments reserve | <u>(389,301)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

13. 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, 2023 | | | | | |
|--------------------------------------|-------------------------|------------------|-------------------|---------------|----------------|-------------------|
| | Canada \$ | Finland \$ | Australia \$ | USA \$ | Sweden \$ | Total \$ |
| Current assets | 96,845 | 179,497 | 7,332,787 | - | 9,908 | 7,619,037 |
| Investments | 3,469 | - | 1,440,823 | - | - | 1,444,292 |
| Property, plant and equipment | - | 45,445 | 3,209,782 | - | - | 3,255,227 |
| Exploration and evaluation assets | - | 6,490,760 | 15,944,914 | - | 370,084 | 22,805,758 |
| Right of use assets | - | 575,457 | 246,825 | - | - | 822,282 |
| Bonds | - | <u>194,533</u> | <u>46,740</u> | <u>29,109</u> | <u>8,408</u> | <u>278,790</u> |
| | <u>100,314</u> | <u>7,485,692</u> | <u>28,221,871</u> | <u>29,109</u> | <u>388,400</u> | <u>36,225,386</u> |

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13. Segmented Information (continued)

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

14. Events after the Reporting Period

- (a) Subsequent to November 30, 2023 the Company issued 372,500 shares on the exercise of share options for \$86,675.
- (b) On December 7, 2023 the Company shareholders voted in favour to proceed with the Springtide Transaction. On December 19, 2023 Springtide completed the non-brokered portion of the Transaction Financing and issued 14,121,835 Springtide Special Warrants for \$14,121,835. Springtide also paid \$6,500,000 to the Company and completed the Springtide Transaction pursuant to which Mawson Oy became a wholly-owned subsidiary of Springtide.