
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2019

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

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

	Note	November 30, 2019 \$	May 31, 2019 \$
ASSETS			
Current assets			
Cash		7,634,718	1,839,544
GST/VAT receivable		75,161	320,940
Prepaid expenses and deposits		<u>66,947</u>	<u>141,361</u>
Total current assets		<u>7,776,826</u>	<u>2,301,845</u>
Non-current assets			
Investments	4	19,167	40,345
Property, plant and equipment	5	51,814	63,522
Exploration and evaluation assets	6	<u>30,961,691</u>	<u>30,322,804</u>
Total non-current assets		<u>31,032,672</u>	<u>30,426,671</u>
TOTAL ASSETS		<u>38,809,498</u>	<u>32,728,516</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>543,453</u>	<u>829,670</u>
TOTAL LIABILITIES		<u>543,453</u>	<u>829,670</u>
SHAREHOLDERS' EQUITY			
Share capital	7	69,712,770	62,499,444
Share-based payments reserve		8,061,150	7,969,961
Deficit		<u>(39,507,875)</u>	<u>(38,570,559)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>38,266,045</u>	<u>31,898,846</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>38,809,498</u>	<u>32,728,516</u>

Nature of Operations and Going Concern - Note 1

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

/s/ Michael Hudson
Michael Hudson
Director

/s/ Nick DeMare
Nick DeMare
Director

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

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

	Note	Three Months Ended November 30		Six Months Ended November 30	
		2019 \$	2018 \$	2019 \$	2018 \$
Expenses					
Accounting and administration	8(b)	25,380	28,096	51,075	52,568
Audit		20,028	15,300	37,028	35,700
Corporate development		85,845	60,124	102,726	86,846
Depreciation	5	5,854	5,204	11,708	10,407
Directors and officers compensation	8(a)	87,620	94,860	169,940	188,177
General exploration		8,074	14,271	8,074	21,270
Legal		29,935	203,216	81,707	215,123
Office and sundry		49,481	17,063	78,151	50,881
Professional fees		53,985	97,799	113,197	189,666
Regulatory fees		4,528	11,824	15,054	29,277
Rent		30,048	32,926	65,768	70,488
Salaries and benefits		14,039	7,558	34,608	35,403
Share-based compensation	7(d)	-	23,800	-	23,800
Shareholder costs		15,526	6,495	25,323	18,475
Transfer agent		7,159	1,896	7,727	2,397
Travel		50,277	89,518	111,343	145,699
		<u>487,779</u>	<u>709,950</u>	<u>913,429</u>	<u>1,176,177</u>
Loss before other items		<u>(487,779)</u>	<u>(709,950)</u>	<u>(913,429)</u>	<u>(1,176,177)</u>
Other items					
Interest and other income		16,607	45,119	22,501	93,042
Foreign exchange		(9,582)	13,400	(25,210)	3,936
Unrealized (loss) gain on investments	4	(415)	2,962	(21,178)	3,041
		<u>6,610</u>	<u>61,481</u>	<u>(23,887)</u>	<u>100,019</u>
Net loss and comprehensive loss for the period		<u>(481,169)</u>	<u>(648,469)</u>	<u>(937,316)</u>	<u>(1,076,158)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>
Weighted average number of common shares outstanding		<u>159,399,140</u>	<u>141,591,593</u>	<u>150,895,366</u>	<u>141,591,593</u>

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

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

	Six Months Ended November 30, 2019				
	Share Capital		Share-Based Payments Reserve	Deficit	Total Equity
	Number of Shares	Amount \$			
Balance at May 31, 2019	142,391,593	62,499,444	7,969,961	(38,570,559)	31,898,846
Common shares issued for:					
- private placement	49,376,749	7,900,280	-	-	7,900,280
Share issue costs	-	(686,954)	-	-	(686,954)
Share-based compensation	-	-	91,189	-	91,189
Net loss for the period	-	-	-	(937,316)	(937,316)
Balance at November 30, 2019	191,768,342	69,712,770	8,061,150	(39,507,875)	38,266,045

	Six Months Ended November 30, 2018					
	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Equity
	Number of Shares	Amount \$				
Balance at May 31, 2018	141,591,593	62,283,444	7,125,361	(34,964,586)	(31,876)	34,412,343
Impact of adoption of IFRS 9 on June 1, 2018	-	-	-	(31,876)	31,876	-
Share-based compensation	-	-	23,800	-	-	23,800
Net loss for the period	-	-	-	(1,076,158)	-	(1,076,158)
Balance at November 30, 2018	141,591,593	62,283,444	7,149,161	(36,072,620)	-	33,359,985

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

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

	Six Months Ended November 30,	
	2019 \$	2018 \$
Operating activities		
Net loss for the period	(937,316)	(1,076,158)
Adjustments for:		
Depreciation	11,708	10,407
Share-based compensation	-	23,800
Unrealized gain (loss) on investments	21,178	(3,041)
Changes in non-cash working capital items:		
Amounts receivable	-	(828)
GST/VAT receivables	245,779	342,295
Prepaid expenses and deposits	74,414	52,470
Accounts payable and accrued liabilities	(29,321)	(262,613)
Net cash used in operating activities	<u>(613,558)</u>	<u>(913,668)</u>
Investing activities		
Exploration and evaluation assets expenditures	(895,783)	(2,385,149)
Additions to property, plant and equipment	-	(39,612)
Net cash used in investing activities	<u>(895,783)</u>	<u>(2,424,761)</u>
Financing activities		
Issuance of share capital	7,900,280	-
Share issue costs	(595,765)	-
Net cash provided by financing activities	<u>7,304,515</u>	<u>-</u>
Net change in cash	5,795,174	(3,338,429)
Cash at beginning of period	<u>1,839,544</u>	<u>11,398,105</u>
Cash at end of period	<u>7,634,718</u>	<u>8,059,676</u>

Supplemental cash flow information - Note 10

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

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

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at November 30, 2019 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values. The Company’s ability to continue as a going concern and the recoverability of the amounts capitalized as exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its mineral property interests, the discovery of economically recoverable reserves and obtaining future profitable production or proceeds from disposition of the Company’s mineral properties. As a mineral company in the exploration stage the ability of the Company to complete the acquisition, exploration and development of its mineral property interests will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenue and, as at November 30, 2019, has an accumulated deficit of \$39,507,875 and working capital of \$7,233,373. 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, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

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

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

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

Basis of Measurement

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

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

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

3. Subsidiaries

The subsidiaries of the Company are:

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

4. Investments

	<u>As at November 30, 2019</u>			
	<u>Number</u>	<u>Cost</u> \$	<u>Unrealized Loss</u> \$	<u>Carrying Value</u> \$
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(42,187)	2,813
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>(249)</u>	<u>16,354</u>
		<u>61,603</u>	<u>(42,436)</u>	<u>19,167</u>
	<u>As at May 31, 2019</u>			
	<u>Number</u>	<u>Cost</u> \$	<u>Unrealized (Loss) Gain</u> \$	<u>Carrying Value</u> \$
Common shares				
Kingsmen	37,500	45,000	(24,375)	20,625
Thomson	600,000	<u>16,603</u>	<u>3,117</u>	<u>19,720</u>
		<u>61,603</u>	<u>(21,258)</u>	<u>40,345</u>

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019
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5. Property, Plant and Equipment

Cost:	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Balance at May 31, 2018	10,458	101,958	193,414	305,830
Additions	-	4,093	39,613	43,706
Balance at May 31, 2019 and November 30, 2019	<u>10,458</u>	<u>106,051</u>	<u>233,027</u>	<u>349,536</u>
Accumulated Depreciation:				
Balance at May 31, 2018	(10,458)	(78,913)	(173,276)	(262,647)
Depreciation	-	(6,564)	(16,803)	(23,367)
Balance at May 31, 2019	<u>(10,458)</u>	<u>(85,477)</u>	<u>(190,079)</u>	<u>(286,014)</u>
Depreciation	-	(3,288)	(8,420)	(11,708)
Balance at November 30, 2019	<u>(10,458)</u>	<u>(88,765)</u>	<u>(198,499)</u>	<u>(297,722)</u>
Carrying Value:				
Balance at May 31, 2019	-	20,574	42,948	63,522
Balance at November 30, 2019	-	17,286	34,528	51,814

6. Exploration and Evaluation Assets

	As at November 30, 2019			As at May 31, 2019		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rompas-Rajapalot	2,864,190	26,642,843	29,507,033	2,743,919	26,214,665	28,958,584
Oregon	186,981	735,407	922,388	186,981	727,657	914,638
Other	232,285	299,985	532,270	207,328	242,254	449,582
	<u>3,283,456</u>	<u>27,678,235</u>	<u>30,961,691</u>	<u>3,138,228</u>	<u>27,184,576</u>	<u>30,322,804</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

	Rompas- Rajapalot \$	Oregon \$	Other \$	Total \$
Balance at May 31, 2018	<u>22,823,924</u>	<u>309,155</u>	<u>198,130</u>	<u>23,331,209</u>
Exploration costs				
Assays	751,678	25,945	-	777,623
Consulting	175,609	-	-	175,609
Core logging	14,719	-	-	14,719
Drilling	2,843,747	365,765	-	3,209,512
Exploration site	8,289	888	-	9,177
Field equipment	12,405	1,803	-	14,208
Field workers	74,892	-	-	74,892
Fuel	20,572	-	-	20,572
Geochemical	27,110	-	-	27,110
Geological	429,371	121,996	151,587	702,954
Geophysics	429,909	-	-	429,909
Salaries and benefits	1,093,115	-	-	1,093,115
Travel	8,313	17,327	-	25,640
Vehicle rental	33,026	9,048	-	42,074
	<u>5,922,755</u>	<u>542,772</u>	<u>151,587</u>	<u>6,617,114</u>
Acquisition costs				
Mining rights	211,905	20,045	99,865	331,815
Deposits	-	42,666	-	42,666
	<u>211,905</u>	<u>62,711</u>	<u>99,865</u>	<u>374,481</u>
Balance at May 31, 2019	<u>28,958,584</u>	<u>914,638</u>	<u>449,582</u>	<u>30,322,804</u>
Exploration costs				
Assays	43,382	-	-	43,382
Consulting	52,386	-	-	52,386
Core logging	641	-	-	641
Drilling	48,705	-	-	48,705
Exploration site	2,657	3,177	-	5,834
Field equipment	520	-	-	520
Field workers	25,103	-	-	25,103
Fuel	3,778	-	-	3,778
Geological	104,309	3,239	34,226	141,774
Geophysics	40,232	-	-	40,232
Salaries and benefits	196,402	-	-	196,402
Surveying	-	-	120,146	120,146
Travel	-	564	-	564
Vehicle rental	8,907	770	-	9,677
Costs recovered	(98,844)	-	(96,641)	(195,485)
	<u>428,178</u>	<u>7,750</u>	<u>57,731</u>	<u>493,659</u>
Acquisition costs				
Mining rights	120,271	-	24,957	145,228
Balance at November 30, 2019	<u>29,507,033</u>	<u>922,388</u>	<u>532,270</u>	<u>30,961,691</u>

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6. Exploration and Evaluation Assets (continued)

Rompas -Rajapalot

As at November 30, 2019 the Company holds a total of 16 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

Oregon

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

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

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

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

Other

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

7. Share Capital

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

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

(b) ***Equity Financings***

Six Months Ended November 30, 2019

During the six months ended November 30, 2019 the Company completed a private placement financing of 49,376,749 units, at a price of \$0.16 per unit for gross proceeds of \$7,900,280. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.24 per share until October 30, 2021. Director and officers of the Company and/or private corporations controlled by directors or officers of the Company participated for 825,000 common shares of this private placement.

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7. Share Capital (continued)

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

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

Fiscal 2019

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

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2019 and 2018 and the changes for the six months ended on those dates, is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	25,286,635	0.58	25,286,635	0.58
Warrants issued	24,688,374	0.24	-	-
Broker Warrants issued	2,279,730	0.185	-	-
Balance, end of period	52,254,739	0.40	25,286,635	0.58

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2019:

Number	Exercise Price \$	Expiry Date
7,500,000	0.60	December 2, 2019*
773,702	0.44	December 8, 2019*
7,512,933	0.50	December 8, 2019*
9,500,000	0.65	February 14, 2020
2,279,730	0.185	October 30, 2021
24,688,374	0.24	October 30, 2021
52,254,739		

* Subsequently expired without exercise

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7. Share Capital (continued)

(d) *Share Option Plan*

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

No share options were granted during the six months ended November 30, 2019.

During the six months ended November 30, 2018 the Company granted share options to purchase 170,000 common shares and recorded compensation expense of \$23,800. The fair value of share options granted and vested during the six months ended November 30, 2018 was estimated using the Black-Scholes option pricing model using the following assumptions: a risk-free interest rate of 2.36%; expected volatility of 71%; an expected life of 3 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The weighted average grant date fair value of all share options granted during the six months ended November 30, 2018 was \$0.14 per share option.

A summary of the Company’s share options at November 30, 2019 and 2018 and the changes for the six months ended on those dates, is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	10,270,000	0.33	5,070,000	0.35
Issued	-	-	170,000	0.30
Expired / cancelled	(4,810,000)	0.35	(20,000)	0.35
Forfeited	(490,000)	0.275	-	-
Balance, end of period	<u>4,970,000</u>	0.29	<u>5,220,000</u>	0.35

The following table summarizes information about the share options outstanding and exercisable at November 30, 2019:

Number	Exercise Price \$	Expiry Date
50,000	0.365	May 12, 2020
400,000	0.39	June 15, 2020
170,000	0.30	November 1, 2021
<u>4,350,000</u>	0.275	February 12, 2024
<u>4,970,000</u>		

(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.

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7. Share Capital (continued)

On February 12, 2019 the Company granted 800,000 RSUs to certain eligible participants under the Company's RSU plan. The RSUs vested immediately and entitle the holder to receive one share for each RSU granted. During fiscal 2019 the Company recognized \$216,000 as share-based compensation expense as the Company settles the RSUs through equity settlement.

No further RSUs have been granted.

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 six months ended November 30, 2019 and 2018 the following compensation amounts were incurred:

	2019 \$	2018 \$
Professional fees and salaries	323,147	321,631

During the six months ended November 30, 2019 the Company allocated the \$323,147 (2018 - \$321,631) professional fees and salaries based on the nature of the services provided: expensed \$169,940 (2018 - \$188,177) to directors and officers compensation and capitalized \$153,207 (2018 - \$133,454) to exploration and evaluation assets. As at November 30, 2019 \$90,090 (May 31, 2019 - \$24,000) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$14,000 per month, is payable. If the termination had occurred on November 30, 2019 the amount payable under the agreement would be \$420,000.

The Company has a management agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of twelve months of compensation, at \$18,334 per month, is payable. If the termination had occurred on November 30, 2019 the amount payable under the agreement would be \$220,008.

- (b) During the six months ended November 30, 2019 the Company incurred a total of \$32,400 (2018 - \$30,100) 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 (2018 - \$2,010) for rent. As at November 30, 2019 \$335 (May 31, 2019 - \$335) remained unpaid and has been included in accounts payable and accrued liabilities.

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:

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9. Financial Instruments and Risk Management

Financial Instrument	Category	November 30, 2019 \$	May 31, 2019 \$
Cash	FVTPL	7,634,718	1,839,544
Investments	FVTPL	19,167	40,345
Accounts payable and accrued liabilities	Amortized cost	(543,453)	(829,670)

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

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

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

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

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The Company's fair value of cash and investments under the fair value hierarchy are measured using Level 1 inputs.

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

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, 2019				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	7,634,718	-	-	-	7,634,718
Investments	-	-	19,167	-	19,167
Accounts payable and accrued liabilities	(543,453)	-	-	-	-543,453

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9. Financial Instruments and Risk Management (continued)

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, 2019, 1 Canadian Dollar was equal to 0.68 Euro, 7.27 SEK, 1.10 AUS Dollar and 0.75 US Dollar.

Balances are as follows:

	AUS Dollars	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	88,968	173,102	53,318	126,706	511,717
GST/VAT receivable	33,367	22,827	5,540	-	64,665
Accounts payable and accrued liabilities	-	(233,913)	(28,316)	-	(347,885)
	<u>122,335</u>	<u>(37,984)</u>	<u>30,542</u>	<u>126,706</u>	<u>228,497</u>

Based on the net exposures as of November 30, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUS Dollar and US Dollar would result in the Company's net loss being approximately \$22,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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10. Supplemental Cash Flow Information

During the six months ended November 30, 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 \$	2018 \$
Operating activity		
Accounts payable and accrued liabilities	<u>256,896</u>	<u>147,315</u>
Investing activity		
Exploration and evaluation assets	<u>(256,896)</u>	<u>(147,315)</u>
Financing activities		
Share issue costs	91,189	-
Share-based payments reserve	<u>(91,189)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. Segmented Information

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

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

	As at November 30, 2019				
	Canada \$	Finland \$	USA \$	Other \$	Total \$
Current assets	7,163,160	334,427	169,090	110,149	7,776,826
Investments	19,167	-	-	-	19,167
Property, plant and equipment	-	51,814	-	-	51,814
Exploration and evaluation assets	<u>-</u>	<u>29,507,033</u>	<u>922,388</u>	<u>532,270</u>	<u>30,961,691</u>
	<u>7,182,327</u>	<u>29,893,274</u>	<u>1,091,478</u>	<u>642,419</u>	<u>38,809,498</u>
	As at May 31, 2019				
	Canada \$	Finland \$	USA \$	Other \$	Total \$
Current assets	1,240,746	786,709	249,598	24,792	2,301,845
Investments	40,345	-	-	-	40,345
Property, plant and equipment	-	63,522	-	-	63,522
Exploration and evaluation assets	<u>-</u>	<u>28,958,584</u>	<u>914,638</u>	<u>449,582</u>	<u>30,322,804</u>
	<u>1,281,091</u>	<u>29,808,815</u>	<u>1,164,236</u>	<u>474,374</u>	<u>32,728,516</u>