MAWSON GOLD LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2022 AND 2021

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Mawson Gold Limited

Opinion

We have audited the consolidated financial statements of Mawson Gold Limited (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2022 and May 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2022 and May 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended May 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Under IFRS 6, the Company is required to test the amount of exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present and considers the ability to maintain its right to explore the project, the ability to perform ongoing expenditure requirements, the ability to undertake studies to assess the technical feasibility or commercial viability of the project, and other facts and circumstances suggesting that the carrying amount exceeds the recoverable amount. This analysis was significant to our audit because, as described in Note 7 to the consolidated financial statements, the carrying value of the Company's exploration and evaluation assets at May 31, 2022 was $ 49.6 million, which represents a significant portion of the Company's total assets.

No impairment indicators were identified by management as at May 31, 2022.

How the Key Audit Matter Was Addressed in the Audit
We evaluated the Company's assessment as to whether there were any indicators of impairment to require the carrying value of exploration and evaluation assets to be tested for impairment. In performing our audit procedures, we:

- Obtained option agreements, confirmed the details of the option agreements with counterparties and confirmed exploration claim listings included in option agreements with the related mining authorities;
- Obtained mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities;
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Director's meeting minutes, and enquiring as to the intentions and strategy of the Company;
- Considered the Company's assessment of whether the commercial viability of extracting mineral resources had been demonstrated and whether it was appropriate to continue to classify the costs as capitalized exploration and evaluation assets; and
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carly Bergman.

"D&H Group LLP"

Vancouver, B.C.
August 25, 2022

Chartered Professional Accountants

MAWSON GOLD LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	May 31, 2022 $	May 31, 2021 $
ASSETS			
Current assets			
Cash		12,141,196	7,386,407
GST/VAT receivable		129,829	125,168
Prepaid expenses and deposits		141,587	154,806
Total current assets		12,412,612	7,666,381
Non-current assets			
Investments	5	2,340,516	2,985,916
Property, plant and equipment	6	1,935,365	128,226
Exploration and evaluation assets	7	49,643,198	44,066,309
Bonds		207,940	115,458
Total non-current assets		54,127,019	47,295,909
TOTAL ASSETS		66,539,631	54,962,290
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,025,162	972,079
TOTAL LIABILITIES		1,025,162	972,079
SHAREHOLDERS' EQUITY			
Share capital	8	93,723,078	88,720,662
Share-based payments reserve		9,402,625	9,182,529
Equity attributable to parent		2,839,864	-
Foreign currency translation reserve		16,412	-
Deficit		(47,796,876)	(43,912,980)
Equity attributable to Company shareholders		58,185,103	53,990,211
Non-controlling interest	9	7,329,366	-
TOTAL EQUITY		65,514,469	53,990,211
TOTAL LIABILITIES AND EQUITY		66,539,631	54,962,290

Nature of Operations - see Note 1

Event after the Reporting Period - see Note 15

These consolidated financial statements were approved for issue by the Board of Directors on August 25, 2022 and are signed on its behalf by:

*/s/ **Ivan Fairhall***
Ivan Fairhall
Director

*/s/ **Michael Hudson***
Michael Hudson
Director

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

MAWSON GOLD LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended May 31, 2022 $	Year Ended May 31, 2021 $
Expenses			
Accounting and administration	10(b)	95,815	131,503
Audit		90,706	59,263
Corporate advisory fees		-	1,007,553
Corporate development		353,679	254,374
Depreciation	6	41,987	35,590
Directors and officers compensation	10	566,208	313,800
General exploration		99,713	61,442
Legal		210,968	140,855
Office and sundry		186,219	243,609
Professional fees		642,056	260,026
Regulatory fees		165,222	44,429
Rent		139,256	159,308
Salaries and benefits		14,953	-
Share-based compensation	8	497,245	211,753
Shareholder costs		18,297	26,551
Transfer agent		16,506	17,627
Travel		127,407	56,396
		3,266,237	3,024,079
Loss before other items		(3,266,237)	(3,024,079)
Other items			
Interest income		45,434	130,781
Foreign exchange		(214,099)	(102,355)
Unrealized loss on investments	5(b)	(710,485)	(13,465)
Realized gain on sale of investments	5(c)	-	68,037
		(879,150)	82,998
Net loss for the year		(4,145,387)	(2,941,081)
Other comprehensive income			
Currency translation adjustment		27,353	-
Comprehensive loss for the year		(4,118,034)	(2,941,081)
Net loss attributable to:			
Shareholders of the Company		(3,883,896)	(2,941,081)
Non-controlling interest		(261,491)	-
Net loss for the year		(4,145,387)	(2,941,081)
Comprehensive loss attributable to:			
Shareholders of the Company		(3,867,484)	(2,941,081)
Non-controlling interest		(250,550)	-
Comprehensive loss for the year		(4,118,034)	(2,941,081)
Basic and diluted loss per common share		$(0.02)	$(0.01)
Weighted average number of common shares outstanding		273,993,849	255,347,094

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

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

	Year Ended May 31, 2022							
	Share Capital							
	Number of Shares	**Amount $**	**Share-Based Payments Reserve $**	**Equity Attributable to Parent $**	**Foreign Currency Translation Reserve $**	**Deficit $**	**Non-controlling Interest $**	**Total Shareholders' Equity $**
Balance at May 31, 2021	255,853,662	88,720,662	9,182,529			(43,912,980)		53,990,211
Common shares issued for:								
- public offering	36,667,000	5,500,050	-	-	-	-	-	5,500,050
- restricted share units	700,000	154,000	-	-	-	-	-	154,000
- warrants exercised	110,138	20,376	-	-	-	-	-	20,376
- exploration and evaluation assets	260,000	40,300	-	-	-	-	-	40,300
Share issue costs	-	(716,715)	132,001	-	-	-	-	(584,714)
Transfer on exercise of broker warrants	-	4,405	(4,405)	-	-	-	-	-
Share-based compensation - share options	-	-	92,500	-	-	-	250,745	343,245
Currency translation adjustment	-	-	-	-	16,412	-	10,941	27,353
Net loss for the year	-	-	-	-	-	(3,883,896)	(261,491)	(4,145,387)
Change in ownership interest in subsidiary	-	-	-	2,839,864	-	-	7,329,170	10,169,035
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

	Year Ended May 31, 2021				
	Share Capital				
	Number of Shares	**Amount $**	**Share-Based Payments Reserve $**	**Deficit $**	**Total Shareholders' Equity $**
Balance at May 31, 2020	253,757,842	88,122,934	9,115,859	(40,971,899)	56,266,894
Common shares issued for:					
- share options exercised	805,000	198,650	-	-	198,650
- warrants exercised	1,290,820	253,995	-	-	253,995
Transfer on exercise of share options	-	104,500	(104,500)	-	-
Transfer on exercise of broker warrants	-	40,583	(40,583)	-	-
Share-based compensation - share options	-	-	211,753	-	211,753
Net loss for the year	-	-	-	(2,941,081)	(2,941,081)
Balance at May 31, 2021	255,853,662	88,720,662	9,182,529	(43,912,980)	53,990,211

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

MAWSON GOLD LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2022	2021
	$	$
Operating activities		
Net loss for the year	(3,883,896)	(2,941,081)
Adjustments for:		
Depreciation	41,987	35,590
Foreign exchange	43,839	13,143
Share-based compensation	497,245	211,753
Realized gain on sale of investments	-	(68,037)
Unrealized loss on investments	710,485	13,465
Changes in non-cash working capital items:		
GST/VAT receivables	(4,661)	18,393
Prepaid expenses and deposits	13,219	(13,605)
Accounts payable and accrued liabilities	145,065	(590,531)
Net cash used in operating activities	(2,436,717)	(3,320,910)
Investing activities		
Expenditures on exploration and evaluation assets	(5,585,200)	(8,664,300)
Additions to property, plant and equipment	(1,869,056)	(72,183)
Addition to bonds	(99,979)	-
Investment purchases	(65,085)	-
Proceeds on sale of investments	-	84,640
Net cash used in investing activities	(7,619,320)	(8,651,843)
Financing activities		
Issuance of common shares	5,520,426	452,645
Share issue costs	(584,714)	-
Net proceeds from Southern Cross private placement	2,449,932	-
Net proceeds from Southern Cross public offering	7,719,102	-
Net cash provided by financing activities	14,854,197	452,645
Effect of exchange rate changes on cash	(43,371)	-
Net change in cash	4,754,789	(11,520,108)
Cash at beginning of year	7,386,407	18,906,515
Cash at end of year	12,141,196	7,386,407

Supplemental cash flow information - Note 13

1. Nature of Operations

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

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at May 31, 2022 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 May 31, 2022 the Company had working capital in the amount of $11,387,450. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. 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 consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to May 31, 2022.

In March 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including restrictions on travel, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented COVID-19 safe plans and will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. Change in Functional Currency

Until February 2022 the functional currency of the Company's Australian subsidiary, Southern Cross Gold Ltd. ("Southern Cross"), was the Canadian dollar. In January 2022 and February 2022 Southern Cross completed a number of private placements and, in May 2022, completed an initial public offering ("IPO"). See also Note 9. As a result of the financings and the IPO, the Company has determined that the Australian dollar was now the currency that mainly influences Southern Cross' costs and its financings. Accordingly, Southern Cross changed prospectively its functional currency from the Canadian dollar to the Australian dollar.

Effective January 20, 2022 assets, liabilities and transactions of Southern Cross are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognized in the foreign currency translation reserve.

3. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated 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 consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group and Non-controlling Interest

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Non-controlling interest in the Company's less than wholly-owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

As at May 31, 2022 the subsidiaries of the Company are:

Company	Location of Incorporation	Ownership Interest
Mawson AB	Sweden	100%
Mawson Oy	Finland	100%
M2 Resources Corp. (holding company)	Canada	100%
Melbourne Gold Limited (inactive)	Canada	100%
Southern Cross and Australian subsidiaries (Note 9)	Australia	60%

4. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Company's entities' functional currencies are the Canadian dollar and the Australian dollar, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 11.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

4. Summary of Significant Accounting Policies (continued)

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at May 31, 2022 and 2021 there were no decommissioning liabilities.

(iii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2022 and 2021 management concluded that there were no impairment indicators and no impairment charge was required.

(iv) Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficiency).

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at May 31, 2022 and 2021 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records a credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

4. Summary of Significant Accounting Policies (continued)

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties, net of government assistance. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Government Assistance

Amounts received or receivable resulting from government assistance programs, including grants, are recognized where there is reasonable assurance that the amount of government assistance will be received and that all attached conditions will be complied with. Government assistance is accounted for using the cost reduction approach whereby the amounts received or receivable each year are applied to reduce the cost of the related assets or related deferred expenditures or expenses.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% - 50% for office furniture and equipment, field equipment and vehicles.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

4. Summary of Significant Accounting Policies (continued)

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at May 31, 2022 and 2021 the Company does not have any decommissioning obligations.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit and loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4. Summary of Significant Accounting Policies (continued)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized separately in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

4. Summary of Significant Accounting Policies (continued)

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive loss.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar other than Southern Cross, where the functional currency is the Australian dollar. The consolidated financial statements are presented in Canadian dollars.

(Expressed in Canadian Dollars)

4. Summary of Significant Accounting Policies (continued)

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. For foreign subsidiaries where the Canadian dollar is the functional currency, income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss. For Southern Cross, income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognized in the foreign currency translation reserve.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

5. Investments

	As at May 31, 2022			
	Number	**Cost $**	**Unrealized Gain (Loss) $**	**Carrying Value $**
Common shares				
Nagambie	51,321,377	1,637,585	700,119	2,337,704
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(42,188)	2,812
		1,682,585	657,931	2,340,516

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

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

During fiscal 2022 the Company purchased 1,321,377 ordinary shares of Nagambie for $65,085.

(b) The carrying values of the investments were determined using quoted market values. During fiscal 2022 the Company recorded an unrealized loss of $710,485 (2021 - $13,465) on its investments held.

(c) During fiscal 2021 the Company sold all of its 600,000 ordinary shares of Thomson Resources Ltd. for proceeds of $84,640 resulting in a gain of $68,037.

(Expressed in Canadian Dollars)

6. Property, Plant and Equipment

Cost:	**Land** $	**Office and Field Equipment** $	**Vehicles** $	**Total** $
Balance at May 31, 2020	-	152,971	233,027	385,998
Additions	-	-	72,183	72,183
Balance at May 31, 2021	-	152,971	305,210	458,181
Additions	1,805,479	6,743	56,834	1,869,056
Foreign exchange movement	(17,915)	(543)	(61)	(18,519)
Balance at May 31, 2022	1,787,564	159,171	361,983	2,308,718
Accumulated Depreciation:				
Balance at May 31, 2020	-	(91,254)	(203,111)	(294,365)
Depreciation	-	(13,245)	(22,345)	(35,590)
Balance at May 31, 2021	-	(104,499)	(225,456)	(329,955)
Depreciation	-	(13,145)	(28,842)	(41,987)
Foreign exchange movement	-	(863)	(548)	(1,411)
Balance at May 31, 2022	-	(118,507)	(254,846)	(373,353)
Carrying Value:				
Balance at May 31, 2021	-	48,472	79,754	128,226
Balance at May 31, 2022	1,787,564	40,664	107,137	1,935,365

7. Exploration and Evaluation Assets

	As at May 31, 2022				**As at May 31, 2021**		
	Acquisition Costs $	**Deferred Exploration Costs** $	**Foreign Exchange Movement** $	**Total** $	**Acquisition Costs** $	**Deferred Exploration Costs** $	**Total** $
Finland							
Rompas-Rajapalot	3,684,068	39,331,424	-	43,015,492	3,349,056	36,133,018	39,482,074
Sweden							
Skelleftea North	70,357	-	-	70,357	-	-	-
Australia							
Sunday Creek	764,061	2,902,816	(81,183)	3,585,694	735,677	1,298,127	2,033,804
Redcastle	38,271	1,485,413	(33,734)	1,489,950	36,782	1,406,671	1,443,453
Whroo JV	103,266	505,442	(13,477)	595,231	94,851	185,255	280,106
Mount Isa SE	331,773	574,772	(20,071)	886,474	273,250	553,622	826,872
	4,991,796	44,799,867	(148,465)	49,643,198	4,489,616	39,576,693	44,066,309

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

	Finland	Sweden	Australia				
	Rompas-Rajapalot $	Skelleftea North $	Sunday Creek $	Redcastle $	Whroo JV $	Mount Isa SE $	Total $
Balance at May 31, 2020	33,750,489	-	672,126	1,158	1,159	574,706	34,999,638
Exploration costs							
Assays	446,132	-	-	-	-	-	446,132
Consulting	272,664	-	-	-	-	-	272,664
Drilling	2,990,622	-	537,171	391,192	58,604	314,563	4,292,152
Exploration site	18,898	-	22,076	27,259	5,718	5,432	79,383
Field equipment	16,334	-	28,509	36,615	804	6,015	88,277
Field workers	89,265	-	-	-	-	-	89,265
Fuel	20,790	-	-	-	-	-	20,790
Geochemical	26,520	-	176,778	67,409	16,829	-	287,536
Geological	141,152	-	288,269	268,614	20,917	60,431	779,383
Geophysics	449,667	-	172,747	565,768	76,758	-	1,264,940
Salaries and benefits	1,033,936	-	18,462	33,232	4,466	4,272	1,094,368
Travel	6,100	-	12,977	13,740	-	17,881	50,698
Vehicle rental	37,312	-	21,513	1,684	-	-	60,509
Government assistance	(97,721)	-	-	-	-	(191,150)	(288,871)
	5,451,671	-	1,278,502	1,405,513	184,096	217,444	8,537,226
Acquisition costs							
Mining rights	279,914	-	-	-	-	-	279,914
Payments	-	-	47,940	-	94,851	-	142,791
Permitting	-	-	35,236	36,782	-	34,722	106,740
	279,914	-	83,176	36,782	94,851	34,722	529,445
Balance at May 31, 2021	39,482,074	-	2,033,804	1,443,453	280,106	826,872	44,066,309
Exploration costs							
Assays	169,212	-	-	-	-	-	169,212
Consulting	420,762	-	236,295	15,303	46,796	21,113	740,269
Drilling	1,186,954	-	1,026,729	-	182,258	-	2,395,941
Exploration site	13,927	-	79,224	20,196	57,171	-	170,518
Field equipment	34,734	-	3,910	-	1,252	37	39,933
Field workers	73,071	-	-	-	-	-	73,071
Fuel	16,040	-	5,848	5,087	2,695	-	29,670
Geochemical	56,831	-	173,360	2,230	-	-	232,421
Geological	151,472	-	23,256	12,708	25,202		212,638
Geophysics	116,451	-	1,659	2,074	-	-	120,184
Salaries and benefits	968,709	-	29,326	3,537	-	-	1,001,572
Travel	6,020	-	17,865	7,369	4,013	-	35,267
Vehicle rental and other	10,905	-	7,217	10,238	800	-	29,160
Government assistance	(26,682)	-	-	-	-	-	(26,682)
	3,198,406	-	1,604,689	78,742	320,187	21,150	5,223,174
Acquisition costs							
Payments	-	60,300	-	-	-	-	60,300
Mining rights	335,012	-	-	-	-	-	335,012
Permitting	-	-	28,384	1,489	8,415	58,523	96,811
Other	-	10,057	-	-	-	-	10,057
	335,012	70,357	28,284	1,489	8,415	58,523	502,180
Foreign exchange movement	-	-	(81,183)	(33,734)	(13,477)	(20,071)	(148,465)
	335,012	70,357	(52,799)	(32,245)	(5,062)	38,452	353,715
Balance at May 31, 2022	43,015,492	70,357	3,585,694	1,489,950	595,231	886,474	49,643,198

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

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

As at May 31, 2022 the Company holds a total of 14 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

In order to retain possession of all claims and exploration permits it holds as at May 31, 2022 the Company will be required to make payments of approximately $318,500 (€ 235,600) in fiscal 2023 and $202,700 (€ 150,000) in fiscal 2024.

(b) ***Skelleftea North, Sweden***

Effective December 24, 2021 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 (inclusive of the $20,000 cash payment made) and $280,000 in year two; and

(ii) an additional 10% interest by completion of a National Instrument 43-101 compliant pre-feasibility or feasibility study.

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 as follows:

(i) *Sunday Creek*

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

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

	$
Cash	762
Exploration and evaluation assets	649,679
Bonds	24,825
	675,266

7. Exploration and Evaluation Assets (continued)

(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.

(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 incurring the following exploration expenditures: AUD $400,000 in the first year, being December 2, 2021, and an additional AUD $500,000 in year two to earn an initial 25% interest, an additional AUD $1,600,000 (cumulative AUD $2,500,000) in years three and four to earn a 60% interest. Upon the Company earning its 60% interest either party may provide notice to the other to form a joint venture ("JV") under which the percentage ownership of each of Nagambie and the Company will be 40% and 60%, respectively. If Nagambie elects not to form a JV at 40%, the Company then has the option, but not the obligation, to invest a further AUD $1,500,000 (cumulative AUD $4,000,000) of exploration expenditures over two years, to earn a 70% interest in the Whroo JV. Once the Company earns a 70% interest a joint venture between the parties will be automatically formed. Nagambie may then contribute its 30% interest ownership with further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie's interest be reduced to less than a 5% interest, it will be deemed to have forfeited its interest in the Whroo JV to the Company in exchange for a 1.5% NSR on gold revenue. Should Nagambie be granted the NSR, the Company will have the right to acquire the NSR for AUD $4,000,000.

As at May 31, 2022 the Company has made an initial payment of $94,851 (AUD $100,000) to Nagambie and will have subsequent payments of AUD $50,000 on the second, third and fourth anniversaries from December 2, 2020. The Company has the option to accelerate its spending to achieve its various percentage ownership interests in the Whroo JV.

(iv) *Mount Isa SE, Australia*

As at May 31, 2022 the Company holds seven exploration prospecting licenses ("EPMs") (collectively "Mount Isa SE") in the Mount Isa Mineral District, Queensland, Australia.

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

(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 May 31, 2022.

	$
Within one year	1,850,000
One to five years	5,137,000
More than five years	2,335,000
Total	9,322,000

(d) ***Western USA, Oregon***

Effective December 27, 2017, as amended, the Company entered into an agreement whereby it was granted the option to lease and to conduct exploration on mineral rights ("WUSA") located in Oregon, USA through its wholly-owned subsidiary, Mawson Resources USA Inc. ("Mawson USA").

On July 27, 2020 the Company entered into an agreement with Aguila American Gold Ltd. ("Aguila"), a publicly traded company with a director in common, whereby it granted Aguila the right to earn up to an 80% interest in the WUSA property by assuming the annual option to lease payments. During fiscal 2022 Aguila met the requirement to earn a 51% interest in Mawson USA. The Company retained a 49% interest and Mawson USA ceased to be a wholly owned subsidiary of the Company. Subsequently, in March 2022, Aguila provided the land owner and the Company with a notice of termination and expiry of the option agreement on the WUSA property.

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) ***Reconciliation of Changes in Share Capital***

Fiscal 2022

On December 9, 2021 the Company completed a public offering totalling 36,667,000 common shares of the Company at $0.15 per common shares for gross proceeds of $5,500,050. The Company paid cash commissions totalling $330,003 and issued 2,200,020 share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase an additional common share of the Company at a price of $0.15 per share until December 9, 2023. 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 1.02%; expected volatility of 72%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the Broker's Warrants was $132,001. The weighted average fair value of the Broker Warrants issued was $0.06 per warrant.

The Company incurred $254,711 for legal and other costs associated with this offering.

Fiscal 2021

The Company did not complete any equity financings during fiscal 2021.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) *Warrants and Options*

(i) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2022 and 2021 and the changes for the years ended on those dates, is as follows:

	2022		2021	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	53,752,309	0.34	55,043,129	0.34
Issued	2,200,020	0.15	-	-
Exercised	(110,138)	0.185	(1,290,820)	0.20
Expired	(53,642,171)	0.34	-	-
Balance, end of year	2,200,020	0.15	53,752,309	0.34

As at May 31, 2022 there were warrants outstanding and exercisable to purchase 2,200,020 common shares of the Company at an exercise price of $0.15 expiring December 9, 2023.

(ii) 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.

(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.

During fiscal 2022 the Company granted share options to purchase a total of 900,000 (2021 - 1,837,520) common shares and recorded compensation expense of $92,500 (2021 - $211,753) on the granting and vesting of these share options.

The fair value of Company share options granted and vested during fiscal 2022 and 2021 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2022	2021
Risk-free interest rate	0.60% - 1.15%	0.25% - 0.50%
Estimated volatility	69% -72%	70% - 75%
Expected life	3 years	2 years - 3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

(Expressed in Canadian Dollars)

8. Share Capital (continued)

The weighted average grant date fair value of all Company share options granted during fiscal 2022 was $0.10 (2021 - $0.17) per share option.

A summary of the Company's share options at May 31, 2022 and 2021 and the changes for the years ended on those dates, is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	12,567,520	0.27	11,935,000	0.25
Granted	900,000	0.23	1,837,520	0.38
Exercised	-	-	(805,000)	0.25
Expired	(170,000)	0.30	(400,000)	0.39
Balance, end of year	13,297,520	0.27	12,567,520	0.27

The following table summarizes information about the Company share options outstanding and exercisable at May 31, 2022:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
487,520	487,520	0.35	June 9, 2022
6,225,000	6,225,000	0.23	January 15, 2023
200,000	200,000	0.275	April 23, 2023
100,000	100,000	0.355	May 21, 2023
800,000	200,000	0.38	June 1, 2023
100,000	100,000	0.50	August 5, 2023
200,000	200,000	0.48	October 14, 2023
150,000	150,000	0.37	January 18, 2024
4,035,000	4,035,000	0.275	February 12, 2024
100,000	100,000	0.26	March 9, 2024
550,000	550,000	0.245	August 9, 2024
250,000	250,000	0.22	September 14, 2024
100,000	100,000	0.155	December 22, 2024
13,297,520	12,697,520		

See also Note 15.

(ii) During fiscal 2022 Southern Cross granted share options to purchase a total of 8,970,000 ordinary shares of Southern Cross and recorded compensation expense of $250,745 on the granting and vesting of these share options.

The fair value of Southern Cross share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 0.66%; eestimated volatility of 80%; expected life of 3 years - 5 years; expected dividend yield of 0%; and estimated forfeiture rate or 0%.

The weighted average grant date fair value of all Southern Cross share options granted during fiscal 2022 was $0.08 per share option.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

A summary of Southern Cross share options at May 31, 2022 and the changes for the period ended on that date, is as follows:

	2022	
	Number of Options Outstanding	Weighted Average Exercise Price AUD $
Balance, beginning of period	-	
Granted	8,970,000	0.30
Balance, end of period	8,970,000	0.30

The following table summarizes information about Southern Cross share options outstanding and exercisable at May 31, 2022:

Number Outstanding	Number Exercisable	Exercise Price AUD $	Expiry Date
2,990,000	2,990,000	0.30	May 5, 2025
2,990,000	-	0.30	May 5, 2026
2,990,000	-	0.30	May 5, 2027
8,970,000	2,990,000		

(e) *Restricted Share Units ("RSU") Plan*

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

During fiscal 2022 the Company awarded 700,000 RSUs to directors and officers of the Company. The RSUs vested immediately and the Company issued 700,000 common shares and recognized $154,000 as share-based compensation expense.

No RSUs were awarded during fiscal 2021.

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 common 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 Resources Limited ("Nagambie") shares to Southern Cross.

(Expressed in Canadian Dollars)

9. Non-controlling Interests (continued)

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 common shares for gross proceeds of AUS $9,093,300 diluting Mawson's interest in Southern Cross to 60%. The reduction in the Company's ownership interest did not result in a loss of control and was recorded as an equity transaction.

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

	$
Balance, July 21, 2021	-
Non-controlling interest adjustment for change in ownership interests	7,801,547
Share-based compensation adjustment	250,745
Currency translation adjustment	10,941
Share of loss for the period January 20, 2022 to May 31, 2022	(261,491)
Balance, May 31, 2022	7,801,742

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 May 31, 2022.

	$
Assets	
Current	7,318,294
Non-current	11,039,735
	18,358,029
Liabilities	
Current	(388,894)
Net assets	17,969,135
Non-controlling interest percentage	40%
	$
Non-controlling interest in net assets	7,187,654
Adjustment for NCI contributed surplus	141,712
Non-controlling interest at May 31, 2022	7,329,366

The following table presents the loss and comprehensive loss attributable to the non-controlling interest ("NCI") for fiscal 2022.

	$
Loss for the year - NCI	(261,491)
Currency translation adjustment	10,941
Comprehensive loss for the year	(250,550)

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.

(Expressed in Canadian Dollars)

10. Related Party Disclosures (continued)

(a) *Transactions with Key Management Personnel*

During fiscal 2022 the Company incurred a total of $694,406 (2021 - $643,118) to key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed $545,035 (2021 - $313,800) to directors and officers compensation and capitalized $149,371 (2021 - $329,318) to exploration and evaluation assets. As at May 31, 2022 $93,592 (2021 - $59,434) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2022 the Company also recorded $135,000 (2021 - $nil) share-based compensation for share options and RSUs granted to key management personnel.

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 on or before September 6, 2022, a termination payment of two years and six months of compensation is payable. If the termination had occurred on May 31, 2022 the amount payable under the agreement would be $420,000.

Effective September 7, 2021 the Company and its CEO entered into an employment agreement which provides that in the event the CEO's services are terminated after September 6, 2022 without cause or upon a change of control of the Company, a termination payment of twelve months plus one additional month for each subsequent year of employment, of compensation is payable.

(b) During fiscal 2022 the Company incurred a total of $57,575 (2021 - $65,000) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and $4,020 (2021 - $4,020) for rent. As at May 31, 2022 $3,835 (2021 - $4,170) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During fiscal 2022 the Company purchased a vehicle for $56,179 from a private corporation controlled by the Chairman of the Company.

(d) During fiscal 2022 Southern Cross paid a total of $15,502 for fees to its key management personnel, who are also directors or officers of the Company, which have been expensed to directors and officers compensation and recorded $112,969 share-based compensation for Southern Cross share options granted to these key management personnel.

11. Income Taxes

Deferred income tax assets and liabilities of the Company as at May 31, 2022 and 2021 are as follows:

	2022 $	2021 $
Deferred income tax assets (liabilities)		
Losses carried forward	13,527,600	11,252,700
Financing costs	625,500	349,400
Difference between book value and income tax costs of exploration and evaluation assets	(2,041,800)	-
	12,111,300	11,602,100
Valuation allowance	(12,111,300)	(11,602,100)
Net deferred income tax asset	-	-

(Expressed in Canadian Dollars)

11. Income Taxes (continued)

The recovery of income taxes shown in the consolidated statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2022	2021
Income tax rate reconciliation		
Combined federal and provincial income tax rate	27.0%	27.0%

	2022 $	2021 $
Expected income tax recovery	1,119,300	794,100
Foreign income tax rate differences	(1,600)	(35,800)
Non-deductible share-based compensation	(141,800)	(57,200)
Other	284,800	155,900
Unrecognized benefit of income tax losses	(1,260,700)	(857,000)
Actual income tax recovery	-	-

As at May 31, 2022 the Company has non-capital losses of approximately $18,273,500 (2021 - $16,842,800), allowable capital losses of approximately $nil (2021 - $253,500) and tax pools of approximately $1,473,100 (2021 - $1,438,000) carried forward for Canadian income tax purposes and are available to reduce taxable income in future years. The non-capital losses expire commencing in 2026 through 2042. The allowable capital losses and tax pools can be carried forward indefinitely.

The Company's subsidiaries have incurred losses for tax purposes, as follows:

Country	$	Expiry
Sweden	7,294,600	Indefinite
Finland	24,546,800	2022 - 2032
Australia	7,272,300	Indefinite

12. 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	May 31, 2022 $	May 31, 2021 $
Cash	FVTPL	12,141,196	7,386,407
Investments	FVTPL	2,340,516	2,985,916
Bonds	Amortized cost	207,940	115,458
Accounts payable and accrued liabilities	Amortized cost	(1,025,162)	(972,079)

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

(Expressed in Canadian Dollars)

12. Financial Instruments and Risk Management (continued)

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at May 31, 2022				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	12,141,196	-	-	-	12,141,196
Investments	-	-	2,340,516	-	2,340,516
Bonds	-	-	207,940	-	207,940
Accounts payable and accrued liabilities	(1,025,162)	-	-	-	(1,025,162)

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.

(Expressed in Canadian Dollars)

12. Financial Instruments and Risk Management (continued)

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At May 31, 2022, 1 Canadian Dollar was equal to 1.10 AUD Dollar, 0.74 Euro, 7.75 SEK, and 0.79 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN $ Equivalent
Cash	7,946,407	231,006	1,045,874	75,166	7,766,275
GST/VAT receivable	68,749	27,069	15,427	-	101,069
Bonds	26,956	99,500	64,130	32,077	207,940
Accounts payable and accrued liabilities	(426,082)	(333,704)	(19,375)	-	(840,798)
	7,616,030	23,871	1,106,056	107,243	7,234,486

Based on the net exposures as of May 31, 2022 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUD Dollar and US Dollar would result in the Company's net income being approximately $754,000 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.

13. Supplemental Cash Flow Information

During fiscal 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022 $	2021 $
Operating activity		
Accounts payable and accrued liabilities	(48,611)	402,371
Investing activity		
Exploration and evaluation assets	8,311	(402,371)
Financing activities		
Issuance of share capital	198,705	145,083
Share issue costs	(132,001)	-
Share-based payments reserve	(26,404)	(145,083)
	40,300	-

(Expressed in Canadian Dollars)

14. 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 May 31, 2022					
	Canada $	Finland $	Australia $	USA $	Sweden $	Total $
Current assets	4,494,806	456,966	7,318,294	-	142,546	12,412,612
Investments	2,812	-	2,337,704	-	-	2,340,516
Property, plant and equipment	-	68,245	1,867,120	-	-	1,935,365
Exploration and evaluation assets	-	43,015,492	6,557,349	-	70,357	49,643,198
Bonds	-	134,489	24,603	40,571	8,277	207,940
	4,497,618	43,675,192	18,105,070	40,571	221,180	66,539,631

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

15. Event after the Reporting Period

Subsequent to May 31, 2022 Company shares options to purchase 487,520 common shares expired without exercise and 450,000 Company share options were cancelled.