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# **MAWSON FINLAND LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2025 AND  
FOR THE PERIOD AUGUST 9, 2023 (Date of Incorporation)  
TO MAY 31, 2024

*(Expressed in Canadian Dollars)*

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## Independent Auditor's Report

To the Shareholders of Mawson Finland Limited

### Opinion

We have audited the consolidated financial statements of Mawson Finland Limited (the “Company”), which comprise the consolidated statements of financial position as at May 31, 2025 and May 31, 2024, and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the year ended May 31, 2025 and for the period from incorporation on August 9, 2023 to May 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2025 and May 31, 2024, and its financial performance and its cash flows for the year ended May 31, 2025 and for the period from incorporation on August 9, 2023 to May 31, 2024 in accordance with IFRS Accounting 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, 2025. 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

Management assesses whether there are indicators of impairment to exploration and evaluation assets 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. No impairment indicators were identified by management as of May 31, 2025.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at May 31, 2025, was \$ 16,761,692, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 2 and Note 6 to the consolidated financial statements.

#### *How the Key Audit Matter Was Addressed in the Audit*

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all 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 Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- 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 IFRS Accounting 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.

### **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.



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Vancouver, B.C.  
August 28, 2025

***"D&H Group LLP"***

**Chartered Professional Accountants**

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

	Note	May 31, 2025 \$	May 31, 2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		3,094,149	3,772,382
GST/VAT receivable		342,936	113,235
Prepaid expenses and deposits		<u>137,929</u>	<u>20,894</u>
<b>Total current assets</b>		<u>3,575,014</u>	<u>3,906,511</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	37,819	41,712
Exploration and evaluation assets	6	16,761,692	10,233,017
Right of use asset	7	411,041	520,652
Bonds		<u>222,485</u>	<u>205,877</u>
<b>Total non-current assets</b>		<u>17,433,037</u>	<u>11,001,258</u>
<b>TOTAL ASSETS</b>		<u>21,008,051</u>	<u>14,907,769</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		687,936	702,669
Current portion of lease liability	7	<u>105,385</u>	<u>95,396</u>
<b>Total current liabilities</b>		<u>793,321</u>	<u>798,065</u>
<b>Non-current liabilities</b>			
Non-current portion of lease liability	7	<u>350,253</u>	<u>455,638</u>
<b>TOTAL LIABILITIES</b>		<u>1,143,574</u>	<u>1,253,703</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	22,827,992	150,100
Special warrants	8(b)	-	14,549,905
Share-based payments reserve		579,111	271,441
Deficit		<u>(3,542,626)</u>	<u>(1,317,380)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>19,864,477</u>	<u>13,654,066</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>21,008,051</u>	<u>14,907,769</u>

**Nature of Operations** - see Note 1

These consolidated financial statements were approved for issue by the Board of Directors on August 28, 2025 and are signed on its behalf by:

/s/ Noora Ahola  
Noora Ahola  
Director

/s/ Neil MacRae  
Neil MacRae  
Director

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

**MAWSON FINLAND LIMITED**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
*(Expressed in Canadian Dollars)*

		<b>Year Ended</b>	<b>Period from</b>
	<b>Note</b>	<b>May 31,</b>	<b>August 9,</b>
		<b>2025</b>	<b>2023</b>
		<b>\$</b>	<b>(Incorporation)</b>
			<b>to May 31,</b>
			<b>2024</b>
			<b>\$</b>
<b>Expenses</b>			
Accounting and administration		107,700	77,270
Accretion of interest on lease	7	50,810	28,851
Audit		68,822	114,249
Corporate development		352,965	32,986
Depreciation and amortization	5, 7	119,317	58,537
Directors and officers compensation	9(a)	270,275	125,084
General exploration		-	3,402
Legal		215,706	230,916
Office and sundry		247,652	121,801
Professional fees		177,926	238,140
Regulatory fees		56,928	39,167
Rent		58,579	25,087
Salaries and benefits		-	11,720
Share-based compensation	8(c)	307,670	271,441
Shareholder costs		15,005	-
Transfer agent		13,010	1,815
Travel		203,230	26,926
Vehicle rental		28,788	10,570
Website maintenance		6,332	-
		<u>2,300,715</u>	<u>1,417,962</u>
<b>Loss before other items</b>		<u>(2,300,715)</u>	<u>(1,417,962)</u>
<b>Other items</b>			
Interest income		135,813	88,349
Foreign exchange		<u>(60,344)</u>	<u>12,233</u>
		<u>75,469</u>	<u>100,582</u>
<b>Comprehensive loss for the period</b>		<u>(2,225,246)</u>	<u>(1,317,380)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.14)</u>	<u>\$(2.85)</u>
<b>Weighted average number of common shares outstanding</b>		<u>16,051,371</u>	<u>462,621</u>

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

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

<b>Year Ended May 31, 2025</b>						
	<b>Share Capital</b>		<b>Special Warrants</b>	<b>Share-Based Payments Reserve</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at May 31, 2024</b>	750,500	150,100	14,549,905	271,441	(1,317,380)	13,654,066
Common shares issued:						
- IPO	2,875,000	2,875,000	-	-	-	2,875,000
- private placement	3,157,895	6,000,000	-	-	-	6,000,000
- conversion of special warrants	15,424,735	14,549,905	(14,549,905)	-	-	-
Share issue costs	-	(747,013)	-	-	-	(747,013)
Share-based compensation:						
- share options	-	-	-	304,451	-	304,451
- deferred share units	-	-	-	3,219	-	3,219
Net loss for the year	-	-	-	-	(2,225,246)	(2,225,246)
<b>Balance at May 31, 2025</b>	<b>22,208,130</b>	<b>22,827,992</b>	<b>-</b>	<b>579,111</b>	<b>(3,542,626)</b>	<b>19,864,477</b>

  

<b>Period from August 9, 2023 (Incorporation) to May 31, 2024</b>						
	<b>Share Capital</b>		<b>Special Warrants</b>	<b>Share-Based Payments Reserve</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at August 9, 2023</b>	-	-	-	-	-	-
Common shares issued	750,500	150,100	-	-	-	150,100
Special warrants issued	-	-	15,424,735	-	-	15,424,735
Special warrants issue costs	-	-	(874,830)	-	-	(874,830)
Share-based compensation:						
- share options	-	-	-	239,660	-	239,660
- deferred share units	-	-	-	31,781	-	31,781
Net loss for the period	-	-	-	-	(1,317,380)	(1,317,380)
<b>Balance at May 31, 2024</b>	<b>750,500</b>	<b>150,100</b>	<b>14,549,905</b>	<b>271,441</b>	<b>(1,317,380)</b>	<b>13,654,066</b>

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

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

	Year Ended May 31, 2025 \$	Period from August 9, 2023 (Incorporation) to May 31, 2024 \$
<b>Operating activities</b>		
Net loss for the period	(2,225,246)	(1,317,380)
Adjustments for:		
Depreciation and amortization	119,317	58,537
Foreign exchange	(10,643)	(11,344)
Share-based compensation	307,670	271,441
Accretion of interest on lease liability	50,810	28,851
Changes in non-cash working capital items:		
GST/VAT receivables	(229,701)	(80,602)
Prepaid expenses and deposits	(117,035)	33,693
Accounts payable and accrued liabilities	(138,203)	(217,567)
<b>Net cash used in operating activities</b>	<b>(2,243,031)</b>	<b>(1,234,371)</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(6,405,205)	(3,125,301)
Additions to property, plant and equipment	(5,813)	-
Addition to bonds	(5,965)	-
Acquisition of Mawson Oy	-	(6,587,126)
Cash acquired on acquisition of Mawson Oy	-	92,277
<b>Net cash used in investing activities</b>	<b>(6,416,983)</b>	<b>(9,620,150)</b>
<b>Financing activities</b>		
Issuance of common shares	8,875,000	150,100
Share issue costs	(747,013)	-
Issuance of special warrants	-	15,424,735
Special warrant issue costs	-	(874,830)
Payments on lease liability	(146,206)	(73,102)
<b>Net cash provided by financing activities</b>	<b>7,981,781</b>	<b>14,626,903</b>
<b>Net change in cash</b>	<b>(678,233)</b>	<b>3,772,382</b>
<b>Cash at beginning of period</b>	<b>3,772,382</b>	<b>-</b>
<b>Cash at end of period</b>	<b>3,094,149</b>	<b>3,772,382</b>

Supplemental cash flow information - Note 12

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

**MAWSON FINLAND LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025 AND THE PERIOD AUGUST 9, 2023 (Date of Incorporation)**  
**TO MAY 31, 2024**  
*(Expressed in Canadian Dollars)*

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**1. Nature of Operations**

The Company was incorporated on August 9, 2023 as Springtide Capital Acquisitions 7 Inc. under the provisions of the Business Corporations Act (Ontario). On January 16, 2024 the Company changed its name to Mawson Finland Limited. On August 15, 2024, the Company completed its initial non-offering public offering (the “IPO”) and on August 19, 2024 listed its common shares on the TSX Venture Exchange (“TSXV”) under the symbol “MFL”. The Company’s head office is located at Alatie 2B, 96100, Rovaniemi, Finland.

With the completion of the acquisition of Mawson Oy, as described in Note 4, the Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at May 31, 2025 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 was recently established and has not commenced operations and to date has incurred losses. At May 31, 2025 the Company had working capital of \$2,781,693. 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. Management considers that the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. The Company also recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

**2. Basis of Preparation**

***Statement of Compliance***

These financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRI 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.

As at May 31, 2025 the subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Mawson Finland Gold BC Limited	Canada	100%
Mawson Oy	Finland	100%

**MAWSON FINLAND LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025 AND THE PERIOD AUGUST 9, 2023 (Date of Incorporation)**  
**TO MAY 31, 2024**  
*(Expressed in Canadian Dollars)*

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**3. Material 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 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.
- (iii) 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.
- (iv) 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 10.

*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:

- (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.

**MAWSON FINLAND LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025 AND THE PERIOD AUGUST 9, 2023 (Date of Incorporation)**  
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**3. Material Accounting Policies (continued)**

- (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, 2025 and 2024 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. During fiscal 2025 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, 2025 and 2024 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. As at May 31, 2025 and 2024 the Company did not have any amounts receivable.

***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.

**MAWSON FINLAND LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025 AND THE PERIOD AUGUST 9, 2023 (Date of Incorporation)**  
**TO MAY 31, 2024**  
*(Expressed in Canadian Dollars)*

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**3. Material 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 farm-out 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 25% 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.

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**3. Material 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.

***Leases***

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

***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, 2025 and 2024 the Company does not have any decommissioning obligations.

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**3. Material Accounting Policies (continued)**

***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.

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 and special warrants issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, special warrants, 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.

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**3. Material Accounting Policies (continued)**

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 loss or directly in equity. In this case the tax is also recognized in other comprehensive loss or directly in equity, respectively.

***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.

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**3. Material Accounting Policies (continued)**

***Currency***

The functional currency of the Company is Canadian dollars and these financial statements are presented in Canadian dollars. Transactions of the Company that are denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses, if any, arising from the translation of foreign currency denominated monetary assets and liabilities are included in operations.

***Accounting Standards and Interpretations Issued but Not Yet Effective***

IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is assessing the impact of adoption of IFRS 18 and is working to identify all impacts the changes will have on the consolidated financial statements and notes to the consolidated financial statements.

**4. Acquisition of Mawson Oy**

On October 30, 2023 the Company agreed to acquire the Rajapalot Property. The acquisition of this asset was implemented through a share purchase agreement with Mawson Gold Limited ("Mawson Gold"), an arm's length publicly traded company on the TSXV, whereby Mawson Gold agreed to dispose all of the issued share capital and intercompany debt of its wholly-owned Finnish subsidiary, Mawson Oy, to the Company for \$6,500,000 cash (the "Springtide Transaction"). The only asset of Mawson Oy was its 100% ownership of the Rajapalot Property. On December 19, 2023 the Company paid \$6,500,000 to Mawson Gold and completed the Springtide Transaction. The Company also incurred legal and associated costs totalling \$87,126 relating to the Springtide Transaction for a total purchase price of \$6,587,126 (the "Purchase Price Consideration").

The Company elected to apply the concentration test and determined the Springtide Transaction represented an asset acquisition. It assessed that the fair value of the assets being purchased upon completion of the Springtide Transaction is concentrated in the mineral property acquired. The Company concluded that Mawson Oy did not constitute as a business as defined under IFRS 3 Business Combinations and the acquisition is therefore accounted for as an asset acquisition.

Purchase price consideration allocated as follows:

	\$
Cash	92,277
VAT receivable	32,633
Prepaid expenses and deposits	54,587
Accounts payable and accrued liabilities	(390,406)
Lease liability	(595,285)
Property, plant and equipment	45,444
Exploration and evaluation assets	6,577,886
Right of use asset	575,457
Bonds	194,533
	<u>6,587,126</u>

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**5. Property, Plant and Equipment**

	Office and Field Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>			
Balance at August 9, 2023	-	-	-
Acquisition of Mawson Oy (Note 4)	1,622	43,822	45,444
Balance at May 31, 2024	1,622	43,822	45,444
Addition	5,813	-	5,813
Balance at May 31, 2025	7,435	43,822	51,257
<b>Accumulated Depreciation:</b>			
Balance at August 9, 2023	-	-	-
Depreciation	(531)	(3,201)	(3,732)
Balance at May 31, 2024	(531)	(3,201)	(3,732)
Depreciation	(2,878)	(6,828)	(9,706)
Balance at May 31, 2025	(3,409)	(10,029)	(13,438)
<b>Carrying Value:</b>			
Balance at May 31, 2024	1,091	40,621	41,712
Balance at May 31, 2025	4,026	33,793	37,819

**6. Exploration and Evaluation Assets**

	As at May 31, 2025			As at May 31, 2024		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland - Rajapalot	7,158,089	9,603,603	16,761,692	6,764,557	3,468,460	10,233,017

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**6. Exploration and Evaluation Assets (continued)**

	<b>Total \$</b>
<b>Balance at August 9, 2023</b>	<b>-</b>
<b>Exploration costs</b>	
Assays	72,329
Consulting	176,383
Drilling	2,705,836
Exploration site	4,278
Field equipment	6,685
Field workers	38,177
Fuel	9,199
Geochemical	8,177
Geophysics	33,559
Salaries and benefits	398,178
Travel	7,800
Vehicle rental	7,859
	<u>3,468,460</u>
<b>Acquisition costs</b>	
Acquisition of Mawson Oy (Note 4)	6,577,886
Mining rights	186,671
	<u>6,764,557</u>
<b>Balance at May 31, 2024</b>	<b>10,233,017</b>
<b>Exploration costs</b>	
Assays	929,007
Consulting	513,833
Drilling	3,068,731
Exploration site	1,936
Field equipment	19,677
Field workers	79,494
Fuel	18,099
Geochemical	68,675
Geological	10,401
Geophysics	524,558
Salaries and benefits	915,768
Travel	5,241
Vehicle rental	16,322
Government assistance	(36,599)
	<u>6,135,143</u>
<b>Acquisition costs</b>	
Mining rights	393,532
	<u>16,761,692</u>

***Rompas - Rajapalot, Finland***

As at May 31, 2025 the Company holds claims and exploration permits (the "Rajapalot Project") which have been granted or are under application in northern Finland.

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**6. Exploration and Evaluation Assets (continued)**

In order to retain possession of all claims and exploration permits it holds as at May 31, 2025 the Company will be required to make payments of approximately \$630,500 (€403,850) for fiscal 2026 and \$549,800 (€352,150) in fiscal 2027. These payments are made to the underlying land owners.

**7. Right of Use Asset**

	\$
<b>Cost:</b>	
Balance at August 9, 2023	-
Acquisition of Mawson Oy (Note 4)	<u>575,457</u>
Balance at May 31, 2024 and 2025	<u>575,457</u>
<b>Accumulated amortization:</b>	
Balance at August 9, 2023	-
Amortization	<u>(54,805)</u>
Balance at May 31, 2024	(54,805)
Amortization	<u>(109,611)</u>
Balance at May 31, 2025	<u>(164,416)</u>
<b>Carrying value:</b>	
Balance at May 31, 2024	<u>520,652</u>
Balance at May 31, 2025	<u>411,041</u>

The Company has a lease contract for office and warehouse premises. It does not have any subleases. As at May 31, 2025 the lease liability has a remaining lease term of approximately four years or less and were determined using effective interest rate of 10%. The undiscounted cash-flows over the remaining lease term is approximately \$548,272.

	Year Ended May 31, 2025 \$	Period from August 9, 2023 (Incorporation) to May 31, 2024 \$
Balance, beginning of period	551,034	-
Acquisition of Mawson OY (Note 4)	-	595,285
Accretion of interest	50,810	28,851
Payments	<u>(146,206)</u>	<u>(73,102)</u>
Balance, at end of period	<u>455,638</u>	<u>551,034</u>
Current portion of lease liability	105,385	95,396
Non-current portion of lease liability	<u>350,253</u>	<u>455,638</u>
Total lease liability	<u>455,638</u>	<u>551,034</u>

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**7. Right of Use Asset (continued)**

As at May 31, 2025 the total of future minimum lease payments under the lease are as follows:

	\$
Less than one year	146,206
Greater than one year	<u>402,066</u>
	<u>548,272</u>

**8. Share Capital**

**(a) Authorized Share Capital**

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

**(b) Equity Financings**

*Fiscal 2025*

During fiscal 2025 the Company completed the following financings:

- (i) On July 23, 2024 the Company obtained a receipt for its final prospectus for its IPO and, on August 15, 2024, closed the IPO and issued 2,875,000 common shares at a price of \$1.00 per common share, including 375,000 common shares following the exercise in full by the agent of its over-allotment option, for aggregate gross proceeds to the Company of \$2,875,000.

The Company paid \$223,270 for a finder's fee, legal and other costs associated with the IPO.

- (ii) On March 5, 2025 the Company completed a private placement of 3,157,895 common shares, at \$1.90 per share, for proceeds of \$6,000,000. The Executive Chairman of the Company purchased 20,530 common shares.

The Company paid \$523,743 for a finder's fee, legal and other costs associated with the private placement.

*Fiscal 2024*

During fiscal 2024 the Company

- (i) issued 750,500 common shares, at \$0.20 per share, for \$150,100 cash to Nuvolari Capital Limited ("Nuvolari"), a private company owned by the former President of the Company; and
- (ii) completed the non-brokered financing of 15,424,735 special warrants ("Special Warrants"), at \$1.00 per Special Warrant, for \$15,424,735 gross proceeds. The Company paid a total of \$874,830 for finder's fees and financial and legal services associated with the financing, of which the \$394,627 was paid to Nuvolari. Current and former directors and officers of the Company purchased a total of 1,417,500 Special Warrants.

On completion of the IPO, the 15,424,735 Special Warrants were deemed to be exercised and the Company issued 15,424,735 common shares without further consideration.

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**8. Share Capital (continued)**

**(c) Long-term Incentive Plan**

On December 1, 2023 the Company adopted a new “rolling” 10% long-term incentive plan (the “LTI Plan”) pursuant to which the Company may award restricted share units (“RSUs”), deferred share units (“DSUs”), and grant share options to directors, officers, employees, management company employees and consultants of the Company. The maximum number of common shares that may be reserved for issuance pursuant to the LTI Plan will not exceed 10% of the issued and outstanding shares of the Company at the time of the award or grant.

**(i) Share Option Plan**

During fiscal 2025 the Company recorded compensation expense of \$304,451 on the vesting of share options previously granted.

During the period ended May 31, 2024 the Company granted share options to purchase a total of 1,190,000 common shares and recorded compensation expense of \$239,660 on the vesting of share options. The fair value of Company share options granted during the period ended May 31, 2024 was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 3.17% - 3.54%; estimated volatility of 80%; expected life of 5 years; expected dividend yield of 0%; and an estimated forfeiture rate of 0%. The weighted average grant date fair value of all Company share options granted during the period ended May 31, 2024 was \$1.14 per share option.

A summary of the Company’s share options at May 31, 2025 and 2024 and the changes for the year ended on that date, is as follows:

	<b>Fiscal 2025</b>		<b>Fiscal 2024</b>	
	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>
Balance, beginning of period	1,190,000	1.15	-	-
Granted	<u>-</u>	-	<u>1,190,000</u>	1.15
Balance, end of period	<u>1,190,000</u>	1.15	<u>1,190,000</u>	1.15

The following table summarizes information about the Company share options outstanding and exercisable at May 31, 2025:

<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Exercise Price \$</b>	<b>Expiry Date</b>
525,000	-	1.15	December 19, 2028
360,000	210,000	1.15	January 25, 2029
<u>305,000</u>	<u>305,000</u>	1.15	February 9, 2029
<u>1,190,000</u>	<u>515,000</u>		

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**8. Share Capital (continued)**

(ii) *Deferred Share Units ("DSU") Plan*

During fiscal 2024 the Company awarded 35,000 DSUs to a director of the Company, of which 17,500 DSUs were vested as at May 31, 2024 and the remaining 17,500 DSUs vested during fiscal 2025. During fiscal 2025 the Company recognized \$3,219 (2024 - \$31,781) as share-based compensation expense on the vesting of the DSUs. As at May 31, 2025 the 35,000 DSUs remained outstanding.

(d) *Escrowed Shares*

As at May 31, 2025, 1,034,000 common shares were held in escrow pursuant to the policies of the TSXV.

**9. 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 fiscal 2025 and fiscal 2024 the Company incurred a total of \$466,566 (2024 - \$224,329) to key management personnel for salaries and fees which have been allocated based on the nature of the services provided: expensed \$270,275 (2024 - \$125,084) to directors and officers compensation; and capitalized \$196,291 (2024 - \$99,245) to exploration and evaluation assets. As at May 31, 2025 \$7,500 (2024 - \$13,500) remained unpaid and has been included in accounts payable and accrued liabilities.

In addition, during fiscal 2025 the Company recorded share-based compensation of \$202,952 (2024 - \$170,165) on the vesting of share options and DSUs to its key management personnel.

(b) During fiscal 2025 and fiscal 2024 the Company incurred a total of \$58,300 (2024 - \$62,000) 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 (2024 - \$2,010) for rent. As at May 31, 2025 \$4,170 (2024 - \$10,170) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) Peterson McVicar LLP ("Peterson"), of which a former director of the Company is a partner of Peterson, provided legal services to the Company. During fiscal 2024 the Company incurred \$376,371 of which \$189,827 was incurred during the period the partner was a director of the Company. Of this amount \$173,857 was recorded in acquisition costs of Mawson Oy and in special warrants issue costs and \$15,970 was expensed.

(d) See also Notes 8(b).

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**10. Income Taxes**

Deferred income tax assets and liabilities of the Company as at May 31, 2025 and 2024 are as follows:

	2025 \$	2024 \$
Deferred income tax assets (liabilities)		
Losses carried forward	8,844,300	7,257,800
Financing costs	311,000	196,800
Difference between book value and income tax costs of exploration and evaluation assets	<u>952,000</u>	<u>1,612,300</u>
	10,107,300	9,066,900
Valuation allowance	<u>(10,107,300)</u>	<u>(9,066,900)</u>
Net deferred income tax asset	<u>-</u>	<u>-</u>

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:

	Fiscal 2025	Fiscal 2024
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>27%</u>	<u>27%</u>
	Fiscal 2025 \$	Fiscal 2024 \$
Expected income tax recovery	600,800	355,700
Foreign income tax rate differences	(61,400)	(20,000)
Non-deductible share-based compensation	(83,100)	(73,300)
Other	310,800	39,400
Unrecognized benefit of income tax losses	<u>(767,100)</u>	<u>(301,800)</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at May 31, 2025 the Company has non-capital losses of approximately \$2,927,300 (2024 - \$807,800) and tax pools of approximately \$1,152,000 (2024 - \$729,000) carried forward for Canadian income tax purposes and are available to reduce taxable income in future years. The non-capital losses expire from 2044 to 2045.

The Company's foreign subsidiary has incurred losses for tax purposes, as follows:

	<u>May 31, 2025</u>		<u>May 31, 2024</u>	
Country	\$	Expiry	\$	Expiry
Finland	<u>40,270,000</u>	<u>2026 - 2035</u>	<u>35,198,800</u>	<u>2025 - 2034</u>

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**11. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2025 \$	May 31, 2024 \$
Cash	FVTPL	3,094,149	3,772,382
Bonds	Amortized cost	222,485	205,877
Accounts payable and accrued liabilities	Amortized cost	(687,936)	(702,669)
Lease liability	Amortized cost	(455,638)	(551,034)

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

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

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

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

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for lease liability approximate their fair value and they have interest at market rates for similar debt. The recorded amounts for cash and bonds approximate their fair value. The Company’s fair value of cash 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.

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**11. Financial Instruments and Risk Management (continued)**

	Contractual Maturity Analysis at May 31, 2025				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	3,094,149	-	-	-	3,094,149
Bonds	-	-	222,485	-	222,485
Accounts payable and accrued liabilities	(687,936)	-	-	-	(687,936)
Lease liability	(26,346)	(79,039)	(350,253)	-	(455,638)

*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 May 31, 2025, 1 Canadian Dollar was equal to 0.64 Euro and 0.73 US Dollar.

Balances are as follows:

	Euros	US Dollars	CDN \$ Equivalent
Cash	155,696	22,649	274,302
VAT receivable	155,758	-	243,372
Bonds	142,500	-	222,485
Accounts payable and accrued liabilities	(418,145)	(2,714)	(657,069)
	<u>35,809</u>	<u>19,935</u>	<u>83,090</u>

Based on the net exposures as of May 31, 2025 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro and US Dollar would result in the Company's net income or loss being approximately \$8,500 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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**12. Supplemental Cash Flow Information**

During fiscal 2025 and the period ended May 31, 2024 non-cash activities were conducted by the Company as follows:

	2025 \$	2024 \$
Operating activity		
Accounts payable and accrued liabilities	<u>123,470</u>	<u>529,830</u>
Investing activity		
Exploration and evaluation assets	<u>(123,470)</u>	<u>(529,830)</u>
Financing activities		
Conversion of special warrants	(14,549,905)	-
Issuance of common shares	<u>14,549,905</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**13. Segmented Information**

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

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

	As at May 31, 2025		
	Canada \$	Finland \$	Total \$
Current assets	3,054,479	520,535	3,575,014
Property, plant and equipment	-	37,819	37,819
Exploration and evaluation assets	-	16,761,692	16,761,692
Right of use asset	-	411,041	411,041
Bonds	-	222,485	222,485
	<u>3,054,479</u>	<u>17,953,572</u>	<u>21,008,051</u>
	As at May 31, 2024		
	Canada \$	Finland \$	Total \$
Current assets	3,534,734	371,777	3,906,511
Property, plant and equipment	-	41,712	41,712
Exploration and evaluation assets	-	10,233,017	10,233,017
Right of use asset	-	520,652	520,652
Bonds	-	205,877	205,877
	<u>3,534,734</u>	<u>11,373,035</u>	<u>14,907,769</u>