
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2013

(Unaudited - Expressed in Canadian Dollars)

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

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

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

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

| | Note | February 28, 2013 \$ | May 31, 2012 \$ |
|---|------|----------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 5 | 6,853,439 | 7,351,494 |
| Amounts receivable | 6 | 166,037 | 153,039 |
| Prepaid expenses and deposits | | <u>56,036</u> | <u>83,121</u> |
| Total current assets | | <u>7,075,512</u> | <u>7,587,654</u> |
| Non-current assets | | | |
| Investments | 7 | 206,375 | 358,000 |
| Property, plant and equipment | 8 | 252,445 | 264,900 |
| Exploration and evaluation assets | 9 | <u>7,403,302</u> | <u>4,900,923</u> |
| Total non-current assets | | <u>7,862,122</u> | <u>5,523,823</u> |
| TOTAL ASSETS | | <u>14,937,634</u> | <u>13,111,477</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | <u>770,191</u> | <u>779,961</u> |
| TOTAL LIABILITIES | | <u>770,191</u> | <u>779,961</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 10 | 32,032,998 | 28,176,662 |
| Share-based payments reserve | | 5,154,309 | 5,128,417 |
| Deficit | | (22,375,739) | (20,498,063) |
| Accumulated other comprehensive loss | | <u>(644,125)</u> | <u>(475,500)</u> |
| TOTAL SHAREHOLDERS' EQUITY | | <u>14,167,443</u> | <u>12,331,516</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>14,937,634</u> | <u>13,111,477</u> |

Events after the Reporting Period - Note 15

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 12, 2013 and are signed on its behalf by:

/s/ Michael Hudson
Michael Hudson
Director

/s/ Nick DeMare
Nick DeMare
Director

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

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

| | Note | Three Months Ended | | Nine Months Ended | |
|---|-------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | February 28, 2013 \$ | February 29, 2012 \$ | February 28, 2013 \$ | February 29, 2012 \$ |
| Expenses | | | | | |
| Accounting and administration | | 28,044 | 18,100 | 83,240 | 75,500 |
| Audit | | 17,202 | 9,700 | 83,227 | 52,315 |
| Corporate development | | 3,459 | 47,981 | 59,125 | 126,469 |
| Depreciation | | 6,303 | 14,446 | 22,913 | 44,060 |
| General exploration | | 111,396 | 78,579 | 391,427 | 266,595 |
| Investor relations | | 16,000 | 10,500 | 55,000 | 31,500 |
| Legal | | 96,023 | 323,720 | 204,259 | 371,862 |
| Management fees | | 40,500 | 40,500 | 121,500 | 121,500 |
| Office and sundry | | 8,028 | 32,789 | 118,776 | 142,605 |
| Professional fees | | 159,216 | 174,836 | 278,061 | 267,423 |
| Regulatory fees | | 4,829 | 12,177 | 31,113 | 31,566 |
| Rent | | 14,358 | 13,717 | 39,899 | 35,103 |
| Salaries and benefits | | 47,361 | 108,712 | 113,533 | 248,363 |
| Shareholder costs | | 9,419 | 5,341 | 18,399 | 9,441 |
| Share-based compensation | 10(d) | - | - | 41,000 | 299,200 |
| Transfer agent | | 4,681 | 1,789 | 8,309 | 4,779 |
| Travel | | 84,083 | 91,422 | 224,545 | 237,900 |
| Vehicle rental and fuel | | 19,665 | - | 71,347 | - |
| | | <u>670,567</u> | <u>984,309</u> | <u>1,965,564</u> | <u>2,366,181</u> |
| Loss before other items | | <u>(670,567)</u> | <u>(984,309)</u> | <u>(1,965,564)</u> | <u>(2,366,181)</u> |
| Other items | | | | | |
| Interest and other income | | 21,794 | 27,920 | 85,243 | 109,208 |
| Impairment of exploration and evaluation assets | 9 | - | - | - | (21,810) |
| Foreign exchange | | 528 | (67,823) | (14,355) | (101,227) |
| Unrealized loss on held-for-trading investments | | (150) | (10,894) | (3,000) | (58,994) |
| | | <u>22,172</u> | <u>(50,797)</u> | <u>67,888</u> | <u>(72,823)</u> |
| Loss before deferred income tax | | <u>(648,395)</u> | <u>(1,035,106)</u> | <u>(1,897,676)</u> | <u>(2,439,004)</u> |
| Deferred income tax | | <u>13,400</u> | <u>(1,650)</u> | <u>20,000</u> | <u>(42,150)</u> |
| Net loss for the period | | <u>(634,995)</u> | <u>(1,036,756)</u> | <u>(1,877,676)</u> | <u>(2,481,154)</u> |
| Other comprehensive loss, net of deferred income tax | | <u>(121,025)</u> | <u>(5,850)</u> | <u>(168,625)</u> | <u>(121,850)</u> |
| Comprehensive loss for the period | | <u>(756,020)</u> | <u>(1,042,606)</u> | <u>(2,046,301)</u> | <u>(2,603,004)</u> |
| Basic and diluted loss per common share | | <u>\$(0.01)</u> | <u>\$(0.02)</u> | <u>\$(0.03)</u> | <u>\$(0.05)</u> |
| Weighted average number of common shares outstanding | | <u>55,993,482</u> | <u>51,772,386</u> | <u>54,172,959</u> | <u>51,697,853</u> |

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

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

| Nine Months Ended February 28, 2013 | | | | | | |
|--|-----------------------------|----------------------|--|-----------------------|--|--------------------------------|
| | Share Capital | | Share-Based Payments Reserve \$ | Deficit \$ | Accumulated Other Comprehensive Loss \$ | Total Equity \$ |
| | Number of Shares | Amount \$ | | | | |
| Balance at May 31, 2012 | 52,224,253 | 28,176,662 | 5,128,417 | (20,498,063) | (475,500) | 12,331,516 |
| Common shares issued for: | | | | | | |
| Cash - exercise of share options | 36,900 | 19,229 | - | - | - | 19,229 |
| Cash - exercise of warrants | 3,747,058 | 3,821,999 | | | | 3,821,999 |
| Share-based compensation | - | - | 41,000 | - | - | 41,000 |
| Transfer on exercise of share options | - | 15,108 | (15,108) | - | - | - |
| Unrealized loss on available-for-sale investments | - | - | - | - | (188,625) | (188,625) |
| Deferred income tax on unrealized loss on available-for-sale investments | - | - | - | - | 20,000 | 20,000 |
| Net loss for the period | - | - | - | (1,877,676) | - | (1,877,676) |
| Balance at February 28, 2013 | 56,008,211 | 32,032,998 | 5,154,309 | (22,375,739) | (644,125) | 14,167,443 |

| Nine Months Ended February 29, 2012 | | | | | | |
|--|-----------------------------|----------------------|--|-----------------------|--|--------------------------------|
| | Share Capital | | Share-Based Payments Reserve \$ | Deficit \$ | Accumulated Other Comprehensive Loss \$ | Total Equity \$ |
| | Number of Shares | Amount \$ | | | | |
| Balance at May 31, 2011 | 51,645,753 | 31,913,205 | 4,907,116 | (14,828,398) | (147,500) | 21,844,423 |
| Common shares issued for: | | | | | | |
| Cash - exercise of share options | 312,000 | 161,440 | - | - | - | 161,440 |
| Cash - exercise of warrants | 12,500 | 15,000 | | | | 15,000 |
| Share-based compensation | - | - | 299,200 | - | - | 299,200 |
| Transfer on exercise of share options | - | 114,539 | (114,539) | - | - | - |
| Unrealized loss on available-for-sale investment | - | - | - | - | (164,000) | (164,000) |
| Deferred income tax on unrealized loss on available-for-sale investments | - | - | - | - | 42,150 | 42,150 |
| Net loss for the period | - | - | - | (2,481,154) | - | (2,481,154) |
| Balance at February 29, 2012 | 51,970,253 | 32,204,184 | 5,091,777 | (17,309,552) | (269,350) | 19,717,059 |

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

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

| | Nine Months Ended | |
|---|-------------------------------------|-------------------------------------|
| | February 28, 2013 \$ | February 29, 2012 \$ |
| Operating activities | | |
| Net loss for the period | (1,877,676) | (2,481,154) |
| Adjustments for: | | |
| Depreciation | 22,913 | 44,060 |
| Share-based compensation | 41,000 | 299,200 |
| Unrealized loss on held-for-trading investments | 3,000 | 58,994 |
| Impairment of exploration and evaluation assets | - | 21,810 |
| Deferred income tax | (20,000) | 42,150 |
| | <u>(1,830,763)</u> | <u>(2,014,940)</u> |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in amounts receivable | (12,998) | 96,997 |
| Restricted cash | - | (503,000) |
| Decrease (increase) in prepaid expenses and deposits | 27,085 | (6,045) |
| Increase (decrease) in accounts payable and accrued liabilities | (382,917) | 328,930 |
| | <u>(368,830)</u> | <u>(83,118)</u> |
| Net cash used in operating activities | <u>(2,199,593)</u> | <u>(2,098,058)</u> |
| Investing activities | | |
| Expenditures on exploration and evaluation assets | (2,129,232) | (1,967,021) |
| Additions to property, plant and equipment | (10,458) | (9,219) |
| Net cash provided by (used in) investing activities | <u>(2,139,690)</u> | <u>(1,976,240)</u> |
| Financing activities | | |
| Issuance of share capital | 3,841,228 | 176,440 |
| Amounts received | - | 503,000 |
| Net cash provided by financing activities | <u>3,841,228</u> | <u>679,440</u> |
| Net change in cash | (498,055) | (3,394,858) |
| Cash at beginning of period | <u>7,351,494</u> | <u>12,967,129</u> |
| Cash at end of period | <u>6,853,439</u> | <u>9,572,271</u> |

Supplemental cash flow information - See Note 13

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2013
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

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

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at February 28, 2013 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 amortized and/or written off, and do not necessarily represent present or future values.

On November 30, 2011 the Company announced it would conduct a spin-out of its Peruvian assets (the "Spin-Out") that would reorganize the business and capital structure of the Company into two separate public companies to allow the Company to focus on the development of its flagship Rompas property in Finland. Pursuant to the proposed Spin-Out, the Company transferred all of the outstanding shares of its wholly-owned subsidiary, Mawson Peru S.A.C., ("Mawson Peru") and its option to earn a 100% interest in Altynor Peru S.A.C. ("Altynor Peru") to a newly incorporated subsidiary, Darwin Resources Corp. ("Darwin"). The Company also completed the sale of its non-core mineral properties in Sweden and Finland for common shares of European Uranium Resources Ltd. ("European Uranium"). See also Notes 9(a) and 9(b).

On April 30, 2012 the Company completed the Plan of Arrangement under which the Company's shareholders received 17,408,070 common shares of Darwin and 10,727,969 common shares of European Uranium, on a basis of one-third Darwin common share and one-fifth European Uranium common share for each Company common share held. The distribution of the Darwin and European Uranium common shares to the shareholders of the Company at the closing date via a return of capital of the Company was recorded in the amount of \$4,320,712.

The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. 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.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended May 31, 2012.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2013
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Presentation

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

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

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at May 31, 2012. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2012.

4. Subsidiaries

As at February 28, 2013 and May 31, 2012 the subsidiaries of the Company were:

| <u>Company</u> | <u>Location of Incorporation</u> | <u>Ownership Interest</u> |
|-----------------|----------------------------------|---------------------------|
| Mawson AB | Sweden | 100% |
| Mawson Oy | Finland | 100% |
| Kay Metals Ltd. | Barbados | 100% |

5. Cash

| | February 28, 2013 | May 31, 2012 |
|-----------------|------------------------------|-------------------------|
| | \$ | \$ |
| Cash on hand | 2,441,698 | 1,591,169 |
| Demand deposits | <u>4,411,741</u> | <u>5,760,325</u> |
| | <u>6,853,439</u> | <u>7,351,494</u> |

6. Amounts Receivable

| | February 28, 2013 | May 31, 2012 |
|---------------------------------------|------------------------------|-------------------------|
| | \$ | \$ |
| HST receivable | 7,557 | 63,717 |
| Foreign value added taxes receivables | 128,132 | 68,251 |
| Other | <u>30,348</u> | <u>21,071</u> |
| | <u>166,037</u> | <u>153,039</u> |

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2013
(Unaudited - Expressed in Canadian Dollars)

7. Investments

| As at February 28, 2013 | | | | | |
|-----------------------------------|---------------|--------------------|--|------------------------------------|----------------------------------|
| | Number | Cost \$ | Accumulated Compre- hensive Loss \$ | Accumulated Gain \$ | Carrying Value \$ |
| Available-for-sale investments: | | | | | |
| Common shares | | | | | |
| Hansa Resources Limited ("Hansa") | 3,500,000 | 715,000 | (417,500) | - | 192,500 |
| Tumi Resources Limited ("Tumi") | 75,000 | 45,000 | (28,500) | - | 13,875 |
| Held-for-trading investments: | | | | | |
| Warrants | | | | | |
| Tumi | 75,000 | - | - | - | - |
| | | <u>760,000</u> | <u>(446,000)</u> | <u>-</u> | <u>206,375</u> |
| As at May 31, 2012 | | | | | |
| | Number | Cost \$ | Accumulated Compre- hensive Loss \$ | Accumulated Gain \$ | Carrying Value \$ |
| Available-for-sale investments: | | | | | |
| Common shares | | | | | |
| Hansa | 3,500,000 | 715,000 | (382,500) | - | 332,500 |
| Tumi | 75,000 | 45,000 | (22,500) | - | 22,500 |
| Held-for-trading investments: | | | | | |
| Warrants | | | | | |
| Tumi | 75,000 | - | - | 3,000 | 3,000 |
| | | <u>760,000</u> | <u>(405,000)</u> | <u>3,000</u> | <u>358,000</u> |

- (a) As at February 28, 2013 the quoted market value of the 3,500,000 common shares of Hansa was \$192,500.
- (b) In March 2009 the Company purchased 75,000 units of Tumi at a cost of \$45,000. Each unit comprised one common share and one share purchase warrant, with each warrant originally entitling the Company to purchase an additional common share at an exercise price of \$1.00 per share expiring on March 25, 2012. During fiscal 2012 the expiry date of the Tumi warrants was extended to March 25, 2013. The Company may be forced to exercise the warrants if the common shares trade at a weighted average price of \$1.60 per common share for a period of 20 consecutive trading days. At the time of purchase the Company assigned a \$45,000 fair value to the common shares and \$nil fair value to the warrants.

On February 25, 2013 the Company completed a consolidation of its share capital on a one new for four old basis. The share amounts have been adjusted to reflect the consolidation.

As at February 28, 2013 the quoted market value of the 75,000 common shares of Tumi was \$13,875 and the fair value of the Tumi warrants was determined to be \$nil, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 113%; a risk-free interest rate of 0.96%; and an expected life of one month.

Subsequent to February 28, 2013 the Tumi warrants expired without exercise.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2013
(Unaudited - Expressed in Canadian Dollars)

8. Property, Plant and Equipment

| Cost: | Condominium \$ | Office Furniture and Equipment \$ | Field Equipment \$ | Vehicles \$ | Total \$ |
|----------------------------------|---------------------------|--|-----------------------------------|------------------------|---------------------|
| Balance at May 31, 2011 | 248,450 | 106,945 | 33,689 | 158,504 | 547,588 |
| Additions | - | 11,158 | - | - | 11,158 |
| Disposals | - | (86,569) | (13,740) | - | (100,309) |
| Balance at May 31, 2012 | 248,450 | 31,534 | 19,949 | 158,504 | 458,437 |
| Additions | - | 10,458 | - | - | 10,458 |
| Write-off | - | (12,248) | - | - | (12,248) |
| Balance at February 28, 2013 | <u>248,450</u> | <u>29,744</u> | <u>19,949</u> | <u>158,504</u> | <u>456,647</u> |
| Accumulated Depreciation: | Condominium \$ | Office Furniture and Equipment \$ | Field Equipment \$ | Vehicles \$ | Total \$ |
| Balance at May 31, 2011 | (5,176) | (57,426) | (18,894) | (120,156) | (201,652) |
| Depreciation | (12,424) | (21,970) | (5,033) | (22,092) | (61,519) |
| Disposals | - | 62,659 | 6,975 | - | 69,634 |
| Balance at May 31, 2012 | (17,600) | (16,737) | (16,952) | (142,248) | (193,537) |
| Depreciation | (9,318) | (7,019) | (2,834) | (3,742) | (22,913) |
| Write-off | - | 12,248 | - | - | 12,248 |
| Balance at February 28, 2013 | <u>(26,918)</u> | <u>(11,508)</u> | <u>(19,786)</u> | <u>(145,990)</u> | <u>(204,202)</u> |
| Carrying Value: | Condominium \$ | Office Furniture and Equipment \$ | Field Equipment \$ | Vehicles \$ | Total \$ |
| Balance at May 31, 2011 | <u>243,274</u> | <u>31,354</u> | <u>3,361</u> | <u>67,947</u> | <u>345,936</u> |
| Balance at May 31, 2012 | <u>230,850</u> | <u>14,797</u> | <u>2,997</u> | <u>16,256</u> | <u>264,900</u> |
| Balance at February 28, 2013 | <u>221,532</u> | <u>18,236</u> | <u>163</u> | <u>12,514</u> | <u>252,445</u> |

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2013
(Unaudited - Expressed in Canadian Dollars)

9. Exploration and Evaluation Assets

| | <u>Finland</u> | <u>Sweden</u> | | <u>Peru</u> | |
|-------------------------------------|---------------------------------|------------------------------------|----------------------------------|--|---------------------|
| | <u>Gold Projects \$</u> | <u>Uranium Projects \$</u> | <u>Other Projects \$</u> | <u>Gold/Copper Projects \$</u> | <u>Total \$</u> |
| Balance at May 31, 2011 | 2,882,494 | 4,209,283 | 7,191 | 685,530 | 7,784,498 |
| Exploration costs | | | | | |
| Assays | 113,474 | - | - | 7,858 | 121,332 |
| Consulting | 563,320 | - | - | 85,955 | 649,275 |
| Database | 197 | - | - | - | 197 |
| Drilling | 610,465 | - | - | - | 610,465 |
| Environmental | - | - | - | 14,220 | 14,220 |
| Exploration site | 117,969 | 1,134 | - | 85,639 | 204,742 |
| Field equipment | 43,279 | - | - | - | 43,279 |
| Field workers | - | - | - | 5,757 | 5,757 |
| Fuel | 11,350 | - | - | 8,018 | 19,368 |
| Geochemical | 146,205 | - | - | - | 146,205 |
| Geological | 287,848 | - | - | 19,487 | 307,335 |
| Maps | 3,627 | - | - | 306 | 3,933 |
| Salaries and benefits | 333,267 | - | - | 275,309 | 608,576 |
| Travel | 9,515 | - | - | 24,582 | 34,097 |
| VAT | - | - | - | 43,004 | 43,004 |
| Vehicle rental | 43,775 | - | - | 15,780 | 59,555 |
| | <u>2,284,291</u> | <u>1,134</u> | <u>-</u> | <u>585,915</u> | <u>2,871,340</u> |
| Acquisition costs | | | | | |
| Mining rights | - | - | - | 131,168 | 131,168 |
| Permits | 60,413 | 14,500 | - | - | 74,913 |
| | <u>60,413</u> | <u>14,500</u> | <u>-</u> | <u>131,168</u> | <u>206,081</u> |
| Disposal (Note 9(a)) | (327,594) | (4,204,372) | (4,607) | - | (4,536,573) |
| Spin-out (Note 9(b)) | - | - | - | (1,402,613) | (1,402,613) |
| Write-offs (Note 9(c)) | (10,162) | (9,064) | (2,584) | - | (21,810) |
| Balance at May 31, 2012 | <u>4,889,442</u> | <u>11,481</u> | <u>-</u> | <u>-</u> | <u>4,900,923</u> |
| Exploration costs | | | | | |
| Assays | 490,466 | - | - | - | 490,466 |
| Consulting | 129,226 | - | - | - | 129,226 |
| Database | - | 2,632 | - | - | 2,632 |
| Drilling | 496,379 | - | - | - | 496,379 |
| Exploration site | 43,394 | 1,945 | - | - | 45,339 |
| Field equipment | 23,813 | - | - | - | 23,813 |
| Field workers | 117,183 | - | - | - | 117,183 |
| Geological | 409,053 | 8,478 | - | - | 417,531 |
| Logging | 142,988 | - | - | - | 142,988 |
| Maps | 32,635 | 4,139 | - | - | 36,774 |
| Salaries and benefits | 191,506 | 30,086 | - | - | 221,592 |
| Travel | 9,705 | 7,713 | - | - | 17,418 |
| Vehicle rental | 2,374 | 1,390 | - | - | 3,764 |
| | <u>2,088,722</u> | <u>56,383</u> | <u>-</u> | <u>-</u> | <u>2,145,105</u> |
| Acquisition costs | | | | | |
| Mining rights | 270,312 | - | - | - | 270,312 |
| Permits | - | 86,962 | - | - | 86,962 |
| | <u>270,312</u> | <u>86,962</u> | <u>-</u> | <u>-</u> | <u>357,274</u> |
| Balance at February 28, 2013 | <u>7,248,476</u> | <u>154,826</u> | <u>-</u> | <u>-</u> | <u>7,403,302</u> |

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9. Exploration and Evaluation Assets (continued)

- (a) On February 29, 2012 the Company completed the sale of its wholly-owned Swedish subsidiary, T&M Resources AB ("T&M"), which was incorporated to hold the non-core mineral interests of the Company, comprising the Hotagen, Duobblon, Kapell and Aronsjö projects in Sweden and the Riutta, Asento and Nuottijärvi projects in Finland (collectively the "Uranium Assets"). Under the sale agreement, European Uranium (formerly Tournigan Energy Ltd.) purchased T&M for consideration of 10,727,969 common shares of European Uranium, at a fair value of \$4,536,573. The Company subsequently recorded a \$2,015,500 impairment of its investment in the common shares of European Uranium to reflect the fair value of \$2,521,073 prior to the distribution under the Plan of Arrangement.
- (b) Mawson Peru also held option agreements with the shareholders of Altynor Peru whereby the Company could acquire a 100% ownership interest in Altynor Peru by making payments totalling US \$600,000, of which US \$50,000 has been paid and US \$550,000 is payable on receipts of permits to drill. Altynor Peru holds an option to purchase a 100% undivided interest in nine exploration permits (the "Alto Quemado Property") from Alto Quemado Mining Company S.A.C. On February 27, 2012 the Company transferred all of the outstanding shares of Mawson Peru and its option to earn a 100% interest in Altynor Peru to Darwin, which formed part of the distribution under the Plan of Arrangement.
- (c) As at February 28, 2013 the Company maintained the following:
- (i) ***Finland***
- On April 30, 2010 the Company entered into a purchase and sale agreement with Areva Resources Finland OY ("Areva Finland"), whereby the Company paid \$1,403,956 to purchase 170 claims or claim applications in Finland. The Company also holds or has made claim applications in various areas of Finland.
- During the nine months ended February 29, 2012 the Company surrendered certain claims in Finland and recorded an impairment charge of \$10,162 in acquisition costs and exploration expenditures.
- As at February 28, 2013 the Company holds a total of 834 claims and has seven claim applications in Finland.
- (ii) ***Sweden***
- Uranium Properties***
- The Company has made claim applications in Sweden. As at February 28, 2013 the Company has nine claim applications.
- During the nine months ended February 29, 2012 the Company surrendered certain uranium claims in Sweden and recorded an impairment charge of \$9,064 in acquisition costs and exploration expenditures.
- During fiscal 2009 the Company and Hodges entered into an option and joint venture agreement whereby Hodges issued 1,000,000 common shares of its share capital to the Company, at a fair value of \$50,317, and incurred US \$550,000 to earn a 51% interest in eight exploration permits. Hodges may increase its interest to 75% by funding a bankable feasibility study.

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9. Exploration and Evaluation Assets (continued)

Other Properties

On January 4, 2010 the Company entered into an option agreement to acquire up to a 100% interest in three exploration licenses (the "Orrbacken Project") in Sweden. The Company could acquire an initial 90% interest in the Orrbacken Project by paying a total of SEK 1,600,000 over four years. Upon acquisition of the 90% interest, the Company has the right to purchase the remaining 10% interest for SEK 5,000,000.

On January 11, 2010 the Company entered into an agreement whereby the optionee could earn a 70% interest (the "Interest") in the Company's acquired interest in the Orrbacken Project by spending AUS \$2,000,000 over five years. The optionee will also pay AUS \$300,000 to the Company upon the transfer of the Interest.

During nine months ended February 29, 2012 the Company surrendered certain base metal exploration permits in Sweden and recorded an impairment charge of \$2,584 in acquisition costs and exploration expenditures.

10. Share Capital

(a) *Authorized Share Capital*

As at February 28, 2013 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

There were no equity financings completed during the nine months ended February 28, 2013 or fiscal 2012.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2013 and February 29, 2012, and the changes for the nine months ended on those dates, is as follows:

| | 2013 | | 2012 | |
|------------------------------|------------------|--|------------------|--|
| | Number | Weighted Average Exercise Price \$ | Number | Weighted Average Exercise Price \$ |
| Balance, beginning of period | 8,797,137 | 0.93 | 7,537,012 | 1.09 |
| Exercised | (3,747,058) | 1.02 | (12,500) | 1.20 |
| Expired | <u>(129,412)</u> | 1.02 | <u>-</u> | - |
| Balance, end of period | <u>4,920,667</u> | 0.857 | <u>7,524,512</u> | 1.09 |

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2013:

| Number | Exercise Price \$ | Expiry Date |
|------------------|----------------------|--------------|
| <u>4,920,667</u> | 0.857 | May 12, 2014 |

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10. Share Capital (continued)

(d) *Share Option Plan*

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

During the nine months ended February 28, 2013 the Company granted 50,000 (2012 - 220,000) share options and recorded share-based compensation expense of \$41,000 (2012 - \$292,200).

The fair value of share options granted during the nine months ended February 28, 2013 and February 29, 2012 is estimated using the Black-Scholes option pricing model using the following assumptions:

| | <u>2013</u> | <u>2012</u> |
|---------------------------|-------------|-------------|
| Risk-free interest rate | 1.14% | 1.87% |
| Estimated volatility | 86% | 135% |
| Expected life | 3 years | 3 years |
| Expected dividend yield | 0% | 0% |
| Estimated forfeiture rate | 0% | 0% |

The weighted average fair value of all share options granted during the nine months ended February 28, 2013 was \$0.82 (2012 - \$1.33) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at February 28, 2013 and February 29, 2012 and the changes for the nine months ended on those dates, is as follows:

| | <u>2013</u> | | <u>2012</u> | |
|------------------------------|-------------------------------------|---|-------------------------------------|---|
| | Number of Options Outstanding | Weighted Average Exercise Price \$ | Number of Options Outstanding | Weighted Average Exercise Price \$ |
| Balance, beginning of period | 2,473,000 | 1.02 | 2,611,500 | 0.84 |
| Granted | 50,000 | 1.49 | 220,000 | 1.72 |
| Exercised | (36,900) | 0.52 | (312,000) | 0.52 |
| Expired | - | - | (10,000) | 0.82 |
| Balance, end of period | <u>2,486,100</u> | 1.03 | <u>2,509,500</u> | 0.96 |

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10. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at February 28, 2013:

| Number | Exercise Price \$ | Expiry Date |
|------------------|-------------------------|-------------------|
| 73,100 | 0.41 | May 3, 2013 |
| 1,768,000 | 0.82 | October 18, 2013 |
| 150,000 | 2.35 | February 14, 2014 |
| 220,000 | 1.72 | August 2, 2014 |
| 100,000 | 1.30 | May 5, 2015 |
| 125,000 | 1.24 | May 29, 2015 |
| <u>50,000</u> | 1.49 | August 9, 2015 |
| <u>2,486,100</u> | | |

The weighted average share price on the date of exercise of share options during the nine months ended February 28, 2013 was \$1.56 (2012 - \$1.62) per share.

The weighted average remaining contractual life of the outstanding share options at February 28, 2013 is 0.89 (May 31, 2012 - 1.60) years.

11. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the nine months ended February 28, 2013 and February 29, 2012 the following amounts were incurred with respect to the Company's President, current and former Vice-President of Exploration and Chief Financial Officer ("CFO"):

| | 2013 \$ | 2012 \$ |
|-------------------|----------------|----------------|
| Management fees | 121,500 | 121,500 |
| Professional fees | <u>155,943</u> | <u>170,007</u> |
| | <u>277,443</u> | <u>291,507</u> |

As at February 28, 2013, \$33,915 (2012 - \$61,362) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President, which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at \$13,500 per month, is payable. If the termination had incurred on February 28, 2013, the amount payable under the agreement would be \$324,000.

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11. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

During the nine months ended February 28, 2013 and February 29, 2012 the following amounts were incurred with respect to non-executive directors of the Company:

| | 2013 \$ | 2012 \$ |
|-------------------|---------------|---------------|
| Professional fees | 90,000 | 67,500 |
| Health benefits | 550 | 659 |
| | <u>90,550</u> | <u>68,159</u> |

In addition, during the nine months ended February 28, 2013 the Company incurred a total of \$37,800 (2012 - \$49,100) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and for rent.

As at February 28, 2013, \$23,400 (2012 - \$16,300) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the nine months ended February 28, 2013 the Company incurred \$23,059 (2012 - \$nil) for shared administration costs with public companies with common directors and officers. As at February 28, 2013, \$2,868 (2012 - \$nil) of the amount remained unpaid and has been included in accounts payable and accrued liabilities.

(d) During the nine months ended February 28, 2013 the Company recovered \$14,961 (2012 - \$nil) for shared office personnel and costs from public companies with common directors and officers.

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"); held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

| Financial Instrument | Category | February 28, 2013 \$ | May 31, 2012 \$ |
|--|-----------------------|----------------------------|-----------------------|
| Cash | FVTPL | 6,853,439 | 7,351,494 |
| Investments - common shares | Available-for-sale | 206,375 | 355,000 |
| Investments - warrants | FVTPL | - | 3,000 |
| Amounts receivable | Loans and receivables | 166,037 | 153,039 |
| Accounts payable and accrued liabilities | Other liabilities | (770,191) | (779,961) |

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.

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12. Financial Instruments and Risk Management (continued)

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, 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 cash, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amount for the investment approximates its fair value. The Company's fair value of cash, short-term investments 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 and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable 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 February 28, 2013 | | | | | |
|---|--------------------------------------|---------------------------------|-------------------------------|--------------------------------|---------------------|
| | Less than 3 Months \$ | 3 - 12 Months \$ | 1 - 5 Years \$ | Over 5 Years \$ | Total \$ |
| Cash | 6,853,439 | - | - | - | 6,853,439 |
| Investments - common shares | 206,375 | - | - | - | 206,375 |
| Amounts receivable | 166,037 | - | - | - | 166,037 |
| Accounts payable and accrued liabilities | (770,191) | - | - | - | (770,191) |
| Contractual Maturity Analysis at May 31, 2012 | | | | | |
| | Less than 3 Months \$ | 3 - 12 Months \$ | 1 - 5 Years \$ | Over 5 Years \$ | Total \$ |
| Cash | 7,351,494 | - | - | - | 7,351,494 |
| Investments - common shares | 355,000 | - | - | - | 355,000 |
| Investments - warrants | - | 3,000 | - | - | 3,000 |
| Amounts receivable | 153,039 | - | - | - | 153,039 |
| Accounts payable and accrued liabilities | (779,961) | - | - | - | (779,961) |

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12. Financial Instruments and Risk Management (continued)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, Euros and Swedish Kronors ("SEK"). The Company maintains Euros bank accounts in Finland, SEK bank accounts in Sweden, and a US Dollar bank account in Canada 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 February 28, 2013, 1 Canadian Dollar was equal to 0.74 Euros, 6.28 SEK and 0.97 US Dollars.

Balances are as follows:

| | Finland Euros | Swedish Kronors | United States Dollars | CDN \$ Equivalent |
|--|------------------|--------------------|--------------------------|----------------------|
| Cash | 430,401 | 1,757,554 | 10,201 | 872,005 |
| Amounts receivable | 108,409 | 47,855 | - | 154,118 |
| Accounts payable and accrued liabilities | <u>(441,581)</u> | <u>(504,277)</u> | <u>-</u> | <u>(677,030)</u> |
| | <u>97,229</u> | <u>1,301,132</u> | <u>10,201</u> | <u>349,093</u> |

Based on the net exposures as of February 28, 2013 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euros, SEK and US Dollar would result in the Company's net loss being approximately \$30,000 higher (or lower).

Capital Management

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

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13. Supplemental Cash Flow Information

During the nine months ended February 28, 2013 and February 29, 2012 non-cash activities were conducted by the Company as follows:

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| Operating activity | | |
| Increase in accounts payable and accrued liabilities | <u>496,199</u> | <u>76,784</u> |
| Investing activities | | |
| Additions to exploration and evaluation assets | (496,199) | (76,784) |
| Additions to investments | - | (4,681,000) |
| Proceeds on disposal of exploration and evaluation assets | <u>-</u> | <u>4,681,000</u> |
| | <u>(496,199)</u> | <u>-</u> |
| Financing activities | | |
| Issuance of share capital | 15,108 | - |
| Share-based payments reserve | <u>(15,108)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

14. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at February 28, 2013 the Company's exploration and evaluation assets are located in Finland and Sweden and its corporate assets, comprising mainly of cash, are located in Canada. 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:

| | <u>As at February 28, 2013</u> | | | | |
|-----------------------------------|--------------------------------|----------------|------------------|----------------|-------------------|
| | Canada \$ | Sweden \$ | Finland \$ | Peru \$ | Total \$ |
| Current assets | 6,049,852 | 289,077 | 736,583 | - | 7,075,512 |
| Investments | 206,375 | - | - | - | 206,375 |
| Property, plant and equipment | - | 30,913 | - | 221,532 | 252,445 |
| Exploration and evaluation assets | <u>-</u> | <u>154,826</u> | <u>7,248,476</u> | <u>-</u> | <u>7,403,302</u> |
| | <u>6,256,227</u> | <u>474,816</u> | <u>7,985,059</u> | <u>221,532</u> | <u>14,937,634</u> |
| | <u>As at May 31, 2012</u> | | | | |
| | Canada \$ | Sweden \$ | Finland \$ | Peru \$ | Total \$ |
| Current assets | 7,222,800 | 209,589 | 155,265 | - | 7,587,654 |
| Investments | 358,000 | - | - | - | 358,000 |
| Property, plant and equipment | 7,409 | 26,641 | - | 230,850 | 264,900 |
| Exploration and evaluation assets | <u>-</u> | <u>11,481</u> | <u>4,889,442</u> | <u>-</u> | <u>4,900,923</u> |
| | <u>7,588,209</u> | <u>247,711</u> | <u>5,044,707</u> | <u>230,850</u> | <u>13,111,477</u> |

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15. Events after the Reporting Period

See Note 7.