

MAWSON RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2017

Background

This discussion and analysis of financial position and results of operations is prepared as at April 12, 2017, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2017 of Mawson Resources Limited ("Mawson" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, capital and other costs varying significantly from estimates, changes in world metal markets, changes in equity markets, planned drill programs and results varying from expectations, delays in obtaining results, equipment failure, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, Annual Information Form, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website at www.mawsonresources.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview and Highlights

The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "MAW", on the Frankfurt Open Market under the trading symbol "MXR" and on the OTC Pink under the symbol "MWSNF.PK".

Mawson is an exploration and development company with precious metal interests in the Nordic countries. Mawson's exploration focus is on the Rompas-Rajapalot gold project in Finland. Mawson is managed by resource industry professionals with significant exploration and capital market expertise.

Mawson is focussed on two target areas at Rompas-Rajapalot:

1. A primary target of disseminated gold mineralization at Rajapalot, where discovery of high grade and thick core sample results include 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006 and 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres) and 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005. This disseminated mineralization is coincident with geophysical

anomalies that extend for more than 4 kilometres. Follow up drilling produced results including 19.6m @ 7.5 g/t gold from 18.1 metres in drill hole PRAJ0107 including 5.0m @ 24.1 g/t gold from 26.7 metres with visible gold present.

- The Company's secondary target is the Rompas vein-style target area. The first drill program at South Rompas included the highlight of 6 metres at 617 g/t gold from 7 metres in drill hole ROM0011 which includes 1 metre at 3,540 g/t gold from 11 metres depth. The second drill program, conducted over the winter (December 2012 - January 2013) confirmed the presence and variable continuity within metabasalts of high grade, nuggety gold at both North and South Rompas and included results from North Rompas of 0.4 m at 395 g/t gold and 0.41% uranium in drill hole ROM0052 and at South Rompas the top 24% all assays from trenches and drilling now grade 100 g/t or more.

At this very early stage of exploration, Mawson now has indications of a mineral system that has deposited high-grade gold within an area approaching 10 km by 10 km. This is significant on a global scale. An updated NI 43-101 technical report (the "Technical Report") dated August 27, 2014 on the Rompas-Rajapalot property is filed under Mawson's profile on www.sedar.com.

Readers are encouraged to review the complete text of the Technical Report which was prepared and reviewed by Michael Hudson, as the Qualified Person for Mawson's projects. Mr. Hudson is a director, Chairman, President and Chief Executive Officer for Mawson, and a Fellow of the Australasian Institute of Mining and Metallurgy.

Exploration Projects

Finland

During fiscal 2016 many of the Finland claims expired under the old Finnish mining act conditions and have been re-applied, and in some cases granted, under the new Finnish Mining Act, which came into force July 1, 2012. As at November 30, 2016, the Company holds a total of 3 granted exploration permits, 11 exploration permit applications and 2 reservations.

Status of Mawson's Claims in Finland

	Number	Area (ha)
Granted Exploration Permits	3	2,702
Exploration Permit Applications	12	22,838
Reservations	1	1,065

Rompas-Rajapalot Gold Project

The Rompas-Rajapalot project is a new discovery in Northern Finland where high-grade gold has been found within an area approaching 10 km by 10 km.

Rajapalot Disseminated Gold Project

Rajapalot is located 8 kilometres to the east of the Rompas vein trend. The style of mineralization at Rajapalot is predominately sulphidic and of a disseminated or replacement style, which differs from the nuggety vein style observed at Rompas. Rajapalot is the primary target area for the Company.

Surface sample highlights from Rajapalot include prospecting grab samples taken from outcrop that returned 2,817 g/t gold, 2,196 g/t gold, 1,245 g/t gold, 933 g/t gold, 151 g/t gold and 135.5 g/t gold. A total of 52 grab samples from the Rajapalot prospect to date average 152.8 g/t gold and range from 0.001 g/t to 2,817 g/t gold. All samples are prospecting grab samples. These are selective by nature and are unlikely to represent average grades on the property.

Discovery grab samples from the Rajapalot project returned gold mineralization from three distinct areas, namely the Palokas, Joki and Rumajärvi prospects. The areas were targeted with regional geophysics and surface soil geochemistry. Rumajärvi lies 1.5 kilometres south of Palokas, while Joki is located 1 kilometre southeast of Palokas. Each prospect area is characterized by minor outcrop on a topographic high, within a predominantly swampy terrain and therefore very little in situ bedrock has been located. Little outcrop has been found between the prospect areas. As the same mineralized rock types occur in outcrop, the glacial boulders sampled and reported here are considered to be proximal to their source.

In October 2013, Mawson announced the first core test of Rajapalot from the Palokas prospect. Drilling intersected 9 metres at 10.2 g/t gold from surface, including 3 metres at 27.5 g/t gold in hole PRAJ0003. Palokas is part of the Rajapalot area, located 7 kilometres east of our drilling in the vein style mineralization at Rompas. Further high grade, thick and near-surface core sample results in November 2013 and January 2014 included:

- 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006;
- 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres);
- 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005;
- 19.0m @ 2.3 g/t gold from 8.0 metres from PRAJ0022; and
- 8.7m @ 4.6 g/t gold from 16.9 metres from PRAJ0025.

Multi-element analyses from all core sample holes from the Palokas Prospect at Rajapalot (holes PRAJ0003 to PRAJ0025) shows consistently low uranium (weighted average through quoted intersections is 36ppm uranium and 5.2g/t gold) and high cobalt grades associated with gold mineralization. Cobalt also forms a broader halos around lower (>0.1 g/t) grade gold mineralized zones. The low uranium grades drilled at Palokas also support the concept of both gold-rich and uranium-rich styles occurring within the Rompas-Rajapalot mineral field.

In September 2014, the Company was permitted to drill across the entire Palokas trend at Rajapalot in Finland with a hand portable core sampler capable of drilling depths up to 35-40 metres below surface. The program consisted of 33 holes for 1160.5 metres with an average hole depth of only 35.1 metres. Four additional holes did not drill through to basement. The results extended drilled gold mineralization over 1.2 kilometres from Palokas. Across strike width of mineralization increased up to 120 metres, suggesting possible multiple horizons across strike (previous drilled thickness was 20 metres true width at Palokas). All discoveries are blind, and covered by 2-5 metre thick glacial till deposits, and are open along strike and at depth.

Highlighted intersections reported between December 2014 and March 2015 included:

- 2.0m @ 9.1 g/t gold from 25.4 metres from PRAJ0070
- 3.0m @ 5.1 g/t gold from 8.7 metres from PRAJ0073
- 1.0m @ 14.7 g/t gold from 16.3 metres from PRAJ0072
- 3.9m @ 3.2 g/t gold from 23.0 metres in hole PRAJ0076
- 3.4m @ 2.0 g/t gold from 14.0 metres in hole PRAJ0080
- 3.0m @ 1.4 g/t gold from 35.9 metres in hole PRAJ0080
- 0.3m @ 49.6 g/t Au from 17.7 metres in hole PRAJ0097

The bulk weighted average of geochemical data show consistently low grade uranium within all intervals greater than 0.5 g/t gold with averages of 2.9 g/t gold and 26 ppm uranium for drill holes PRAJ0070-PRAJ0096. The true thickness of the mineralized interval is interpreted to be approximately 80% of the sampled thickness. Drilling was performed with a Company-owned and operated, hand portable, low impact rig, below 2-5 metres of glacial till overburden in the vicinity of gold bearing glacial boulders and subcrop.

In March 2015 the results from a pseudo-3D pole-dipole induced polarization (“IP”) and resistivity survey at Palokas defined a 600 metre long conductive anomaly extending down plunge from drilled near-surface gold mineralization (ie 19.5 metres @ 7.4 g/t gold from 1.3 metres depth. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The IP area surveyed commenced more than 250 metres north of Palokas to 500 metres south of the Palokas prospect. Gold at Palokas is associated with pyrrhotite which forms the conductive and chargeable anomaly associated with drilled gold mineralization and has been confirmed by petrophysics. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The body plunges south and has little or no surface expression where recent near-surface drilling has provided near-miss and thinner mineralized gold hits.

In March 2015 the Company took delivery of a new “Winkie” low impact portable diamond core sampler. This allowed testing to 120 metres down hole. Two drill holes for 180.2 metres were completed in April 2015 before winter access conditions ended, to test the down-dip extensions of the Palokas prospect tested beneath near surface.

Highlight intersections included:

- 19.6m @ 7.5 g/t gold from 18.1 metres in drill hole PRAJ0107 including 5.0m @ 24.1 g/t gold from 26.7 metres with visible gold present; and
- 5.1m @ 3.8 g/t gold from 18.3 metres in drill hole PRAJ0108.

Drilling at Palokas recommenced in August 2015 after the snow melted and the bird nesting exclusion period was over. Drill results coincide with a series of near surface geophysical anomalies and form part of a 3 kilometre target horizon within a broader district of gold mineralization discovered within a 100 km² area between the Rompas and Rajapalot project areas. Highlight intersections from this program included:

- 19.0 metres @ 5.3 g/t gold from 38.7 metres in drill hole PRAJ0109
- 9.2 metres @ 3.2 g/t gold from 82.0 metres in drill hole PRAJ0110
- 5.8 metres @ 6.2 g/t gold intersected from 39.1 metres in drill hole PRAJ0111, including 1 metre @ 19.8 g/t gold from 42.1 metres
- 20.6 metres @ 2.7 g/t gold from 56.8 metres in drill hole PRAJ0113
- 7.0 metres @ 7.2 g/t gold from 61.1 metres in drill hole PRAJ0114

In February 2016 drill results from the first four holes from the Palokas prospect and one hole from Hirvimaa became available. All holes at Palokas intersected the mineralized sequence with only lower tenor gold mineralization discovered down dip and along strike from previous drilling, where marginal-style talc alteration predominates. Results from Palokas include 4 metres @ 1.2 g/t gold from 152.0 metres in PAL0009, drilled 65 metres down dip from PRAJ0110 (9.2 metres @ 3.2 g/t gold from 82 metres) and 3.1 metres @ 1.4g/t gold from 150.6 metres in PAL0012, drilled 90 metres down dip from PRAJ0117 (2.0 metres @ 2.8 g/t gold from 66.4 metres, 3.0 metres @ 1.6g/t gold from 65.6 metres and 3.0 metres @ 1.9g/t gold from 109.9 metres). Results from the first deep drill hole drilled at Hirvimaa, PAL0008, located 680 metres north of Palokas, include 3.0m @ 1.4g/t gold from 31 metres. Mineralization remains open down plunge to the north and appears to be truncated down-dip and to the south by these new results.

In March 2016, 8.4 metres @ 4.2 g/t gold from 206.0 metres in PAL0016, including 3.4 metres @ 9.5 g/t gold from 211 metres was reported. The true width is interpreted to be approximately 90% of the sampled thickness. PAL0016 was drilled 350 metres along strike from the main Palokas mineralization and is the deepest and best result drilled outside of Palokas to date. Mineralization is hosted in a sericite-quartz-pyrrhotite rock which represents a different style and stratigraphic position to Palokas.

In April 2016, the extension of the Palokas mineralization to north was reported with PAL0019 intersecting the down plunge extension of mineralization, which included 2.9 metres @ 5.9 g/t gold from 176.7 metres, including 1.0 metre @ 16.7 g/t gold from 178.7 metres. Mineralization is hosted within a 40 metre thick chlorite-tourmaline-amphibole-pyrrhotite rock, and is the deepest discovery at Palokas to date. Also reported was PAL0018 (1.0 metre @ 17.9 g/t gold from 172.0 metres) where mineralization is hosted in altered sericitic calcsilicate-bearing albitites interpreted to be 50 metres lower in the stratigraphy than the Palokas mineralization.

Mineralized rocks were drilled over 3.5 kilometres strike during the winter 2016 program. Drill hole PAL0023 (3.0 metres @ 2.1 g/t gold from 84.4 metres) is significant as it is located 2 kilometres from Palokas, and is the most easterly hole drilled along the Palokas target horizon. The main Palokas mineralized position was found within a 100-metre thick hydrothermally altered talc-silicified-pyrrhotite-amphibole rock. The host sequence here is inverted, increasing both complexity and volume of potential host rock within the target area.

In October 2016, a 225 base-of-till (“BOT”) drill hole program was completed at the Raja prospect, located one kilometre east of Palokas. Drilling took place on a 150 metre grid, with infill drilling at closer spacing based on onsite hand-held XRF analysis and geological logging. Eight anomalous gold target areas were defined with six of these target areas followed up with 206 drill holes at 25m centres along anomalous drill traverses defined from the first program. Infill results are awaited.

In November 2016, Mawson completed the first phase of a geophysical program to infill and extended data coverage (“Phase 1”) and due to encouraging BOT drill results, the Company extended the geophysical survey area (“Phase 2”).

Phase 1 consisted of:

- 22 line kilometres of gradient array IP geophysics along the Palokas trend, including coverage of the Joki prospect. Areas surveyed have thin glacial till cover, and are associated with undrilled anomalous surface geochemistry. The survey tested for chargeable and low resistive zones that are known to be associated with gold mineralization;
- 84 line kilometres of extension and infill ground magnetics were completed at 50 metre line spacing, undertaken to constrain various structurally controlled gold targets, that may concentrate gold mineralization;

Phase 2 consisted of:

- 63 line kilometres of ground magnetic surveying to extend coverage of the Raja area, where eight areas of gold anomalism were discovered by BOT drilling.

In December 2016, Mawson announced a diamond drill program that will exceed 10,000 metres with more than 50 holes planned. The program will double the drill metres into the Rajapalot prospect, and will be the first systematic, large scale and deep test of the area. Drill rigs were expected to be mobilized in January 2017. Four diamond drill rigs continue to drill at site.

Additionally, a BOT drill program commenced in December 2016, with over 1,800 holes planned as a fast and cost effective technique to discover and test targets within a 1,425 hectare area around Palokas. In February 2017, 1,350 BOT holes were completed. New results reported included:

- 804 BOT drill holes over a 4 km x 3 km area within Natura 2000 areas at Rajapalot (Kairamaat 2-3) confirm the large scale and tenor of gold anomalism across the property
- 206 infill BOT holes at 25 metre spacing drilled east of Kairamaat 2-3 at Raja and outside Natura 2000 areas, have defined six diamond drill-ready targets.

Encouragingly, gold mineralized BOT samples match and better define the surface trend of the Palokas prospect where previous diamond drill intersections include 5.4m @ 37.6 g/t gold from 2.5m and 19.3m @ 7.4 g/t gold from 1.3m. True thickness of mineralized intervals is interpreted to be approximately 90% of the sampled thickness. At Palokas a distinctive gold core with a bismuth halo is evident in the BOT data.

Also in February 2017 drill results from the first four diamond drill holes from the 2016-17 winter program were announced. PAL0027 (3.6 metres @ 2.5 g/t gold from 27.5 metres; plus 6.8 metres @ 14.7 g/t gold from 34.4 metres; plus 3.0 metres @ 3.2 g/t gold from 44.2 metres;) was the first drill test into the high-grade Palokas Prospect using large diameter core, and encouragingly confirmed grades found in earlier 25mm Winkie drill holes.

- PAL0027 was drilled between the 20 metre spaced PRAJ0107 (19.6m @ 7.5 g/t gold from 18.1 metres) and PRAJ0109 (19.0 metres @ 5.3 g/t gold from 38.7 metres) and has provided the first reliable orientation of gold bearing structures.
- PAL0028 (1.0 metre @ 0.8 g/t gold from 21.7 metres; plus 1.7 metres @ 3.9 g/t gold from 37.6 metres) and PAL0029 (1.0 metre @ 0.7 g/t gold from 95.65 metres), drilled 120 metres up dip and 50 metres north of PLA0030 respectively. Both holes intersected thin zones of gold mineralization, and provide evidence of the fault and fold structures which control the distribution the mineralized rock.
- PAL0030 (10.0 metres @ 11.6 g/t gold from 110.2 metres; plus 2.9 metres @ 1.0 g/t gold from 135.7 metres; 3.0 metres @ 5.3 g/t gold from 143.9 metres) was collared 150 metres northwest from the “discovery outcrop” at Palokas to test the down-plunge extension of an interpreted high grade gold-shoot within a moderately west-dipping surface. This high-grade intercept is the high grade-width intersection at Rajapalot, and confirms the shoot interpretation, which remains open at depth.
- In March 2017 drill results from a further four diamond drill holes from the 2016-17 winter program were announced.
- A new style of gold-bearing system was discovered at South Rajapalot, characterised by an extensive area of potassic-iron-sulphide alteration located up to 1,800m south of the Palokas prospect. Drilling has defined a zone that extends for 900m along strike and 400m in width that remains open.

- PAL0037 drilled 56m of gold-bearing magnetite, pyrrhotite, biotite and chlorite alteration from 5.0m that averaged 0.53 g/t gold (without applying a lower cut). Higher grade zones included 2.0m @ 3.6 g/t gold from 33.0m and 4.0m @ 3.7 g/t gold from 57m.
- PAL0033, drilled 700m north of PAL0037, intersected a similar style of potassic-iron-sulphide alteration with results including 2.2m @ 7.7 g/t gold from 152.5m.
- PAL0037 intersected what is believed to be, in part, the source of 68 grab samples from boulders and subcrops that lie immediately down ice direction which assayed >0.1 g/t gold and range from 0.11 g/t gold to 3,870 g/t gold with an average of 101.4 g/t gold and median of 0.6 g/t gold. Grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.
- Two additional drill holes, PAL0031 (1.0m @ 1.5 g/t gold from 85.4m) and PAL0032 (no significant results) were drilled 50m and 270m respectively to the north of Palokas.

In April 2017 results from further thirteen diamond drill holes from the Company's 2017 winter program were announced. With these results, the mineralized zone has been significantly extended, with gold mineralization discovered on the western, southern and eastern margins of the previous mineralization footprint. Highlights included:

- PAL0048, drilled 1.75 km southeast of Palokas intersected 6.0 metres @ 2.0 g/t gold from 53 metres and 13.7 metres @ 2.0 g/t gold from 82 metres. The mineralized zone without a lower cut off comprised 42.7 metres @ 1.0 g/t gold from 53.0 metres in magnetite, pyrrhotite, biotite and chlorite altered rocks. This is the most easterly hole drilled at Rajapalot to date and mineralization remains open.
- PAL0043, drilled 1.5 km southwest of Palokas and 1.1 km west of PAL0048 intersected 12.0 metres @ 1.2 g/t gold from 10.6 metres. This hole targeted a VTEM anomaly and is the westernmost hole reported from Rajapalot to date, which opens a new area of exploration potential to the west.
- PAL0040, drilled 450 metres southeast of PAL0043 and 75 metres south west of PAL0037 (56 metres @ 0.53 g/t gold from 33 metres) intersected 5.0 metres @ 1.2 g/t gold from 37.3 metres. This is the southernmost drill hole at Rajapalot, opening a new area of exploration potential to the south.

The mineralized system at Palokas is hosted by a greater than 20 metre thick, magnesium- and iron-enriched, pyrrhotite-bearing isoclinally folded metasedimentary sequence that is sub-planar at the prospect scale, dipping approximately 45 degrees to the west-northwest. Although the host rocks are isoclinally folded and metamorphosed to amphibolite facies, the mineralization appears controlled by a series of late brittle structures, represented in drill core by quartz and quartz-pyrrhotite-tourmaline (+/- molybdenite, gold) veins. Retrograde alteration of the host package to chlorite is one of the dominant characters of the margins of quartz veins. Reaction of reduced gold-bearing hydrothermal fluids with iron- and magnesium-rich rocks is the most likely mechanism to precipitate the gold. Folding and minor faulting of the host sequence, in addition to the abundance of controlling quartz veins are all under study to aid in the successful targeting of later drill holes.

At South Rajapalot gold-anomalous alteration has been drilled to date over a 1,200 m x 400 m area. It consists of sulphide, magnetite, biotite and chlorite hydrothermal mineral assemblages hosted in predominately grey albitites. Textures range from veined albitic granofels through fractured and brecciated to locally schistose. Veining and fracture fill minerals include magnetite, pyrrhotite and magnetite-pyrrhotite (+/- quartz). Local retrograde chlorite after biotite and vein-controlled chlorite +/- tourmaline and magnetite are also present. Preliminary hand-held XRF analysis confirms the presence of associated scheelite and molybdenite, the former visible under UV light as tiny veinlets and disseminations. The iron-rich nature of the mineralized rocks is a common theme in either the oxide or sulphide form, with a variably sulphidic and chloritic overprint. The alteration is clearly post-metamorphic, reduced, and most likely driven by granitoid intrusions. Chlorite is regarded as the lowest temperature silicate mineral with gold, structurally controlled in apparent association with quartz veins. Altered rocks enclosing the mineralized package contain locally abundant talc and tourmaline.

The Rajapalot area comprises a wide area with a variety of mineralized occurrences, apparently all related. A post-peak metamorphic, large hydrothermal system interpreted to be driven by granitoids at 1.78 Ga has deposited gold in a number of structural-stratigraphic-chemical traps:

- Palokas-style - within a stratabound package of magnesian iron formations (Mg-Fe amphiboles, chlorite, tourmaline), variably sulphidic (reduced host - pyrrhotite-ilmenite-magnetite);
- Boardwalk - a variant on Palokas where more massive chlorite-MgFe amphibole (grunerite/cummingtonite) - magnetite boulders are strongly gold anomalous;
- Joki - biotite-rich alteration of mafic rocks, locally in association with uraninite;

- Sericitic alteration of oxidised feldspathic rocks (e.g. Rumijärvi, Terry's Hammer), commonly with uraninite;
- Strongly sulphidic altered mafic rocks, more As- and Co-rich than other locations (Raja West); and
- Magnetic, biotite-muscovite (+/- K-feldspar) rocks.

A gently southern-dipping upper surface of 1.78 Ga granitoids is inferred from a combination of mapping (outcropping medium to fine grained granitoids, tourmaline pegmatites and thin granitoid dykes) and geophysical interpretation.

The true thicknesses of the mineralized intervals are interpreted to be approximately 80-90% of the sampled thickness.

During October 2014 the Company announced results from preliminary metallurgical testing on drill core from the Palokas prospect at the Rompas-Rajapalot gold project in Arctic Finland by SGS Mineral Services UK in Cornwall. Excellent gold extraction results of between 95% and 99% (average 97%) were obtained by a combination of gravity separation and conventional cyanidation. Gravity extraction for the four composites responded well with 26-48% gold extraction. Leaching was performed on the pulverised and blended tailings from the three size fractions after gravity extraction. Samples tested are not classified as refractory. Metallurgical test work indicates gold recovery and processing are potentially amenable to conventional industry standards with a viable flowsheet which could include crushing and grinding, gravity recovery, and cyanide leaching with gold recovery via a carbon-in-pulp circuit for production of onsite gold doré.

Rompas Vein Gold Project

The initial discovery area, Rompas, is a hydrothermal vein style system defined over a 6.0 kilometres strike and 200-250 metres width. Exploration on the project started in May 2010. During that year, 80 channel samples averaged 0.59 metres at 203.66 g/t gold and 0.86% uranium and during 2011 the weighted average of all 74 channel intervals was 1.40 m at 51.9 g/t gold and 0.13 % uranium. Unrepresentative grab sample results include values up to 33,200 ppm gold and 56.6% uranium oxide at Rompas.

From mid-2011 Mawson has drilled 8,164.8 metres in 90 holes at Rompas, comprising 2,462.8 metres in 29 drill holes at North Rompas; 2,436.2 metres in 29 drill holes in the northern block at South Rompas; 2,504.3 metres in 24 holes within the southern block at South Rompas; and 761.5 metres in 8 drill holes at Northern Rajapalot.

In August 2012, results from the first drill program at Rompas returned 6 metres @ 617 g/t gold in drill hole ROM0011 including 1 metre @ 3,540 g/t gold and 1 metre @ 114.5 g/t gold in drill hole ROM0015. These results confirmed the significance of the hundreds of high-grade surface occurrences that were channel sampled during 2010 and 2011.

A second drill program commenced in December 2012. At North Rompas the best results include 0.4 metres @ 395 g/t gold and 0.41% uranium from 41.0 metres in drill hole ROM0052, the most southerly drill hole of the program; and 1.1 metres @ 9.8 g/t gold and 0.16% uranium from 78.5 metres in drill hole ROM0053.

Drilling at the Kaita prospect at the most southern end of the Rompas vein system did not intersect mineralization of economic interest. A 13 diamond drill hole program for 784.2 metres campaign was conducted during September-October of 2013. The best diamond drill result was 1m @ 4.9 g/t gold from 49 metres in KD0009. Better surface diamond cut trench results from Kaita included 1.65 metres @ 29.1 g/t gold in TR107465; 1.2 m @ 27 g/t gold in TR118401, 0.4 m @ 132 g/t gold in TR118407 and 1.5 m @ 42.2 g/t gold in TR118425.

With only 450 metres of the plus 6 kilometre vein system sporadically tested to date down to less than 80 metres vertical depth, the most encouragement has come from the northern block of South Rompas vein system, with both prospect scale shallow drilling and trenching defining a coherent mineralized sequence. South Rompas is characterized by gold mineralization constrained to one specific host rock type (metabasalt) within a broader uranium halo. Within this halo the:

- top 24% of all trench and drill assays above the lower cut of 0.5 g/t gold or 100 ppm uranium, have a grade of 100 g/t or more and the top 24% of all intersections have a grade of 0.42% uranium or higher;
- top 25% of drill intersections only have a grade of 7.7 g/t or higher;

- highest grade drill hole intersection is 3,540 g/t gold over 1 metre. The highest grade uranium intersection is 3.6% uranium over 0.6 m in a trench. The highest grade drill intersection grade of 0.7% uranium over 1.0 metres;
- mineralization in the vein system, to date, is characterized by narrow intersection widths of 1-2 metres with an average of 0.9 metre thickness;
- drilling, to date, has been shallow with 46% of intersections at 20 metres down hole depth or less; and
- 11 out of 13 holes drilled in 2013 winter drill program at South Rompas had at least one intersection that exceeded lower cut 0.5 g/t gold or 100 ppm uranium.

The host sequence to the Company's second target area, the Rompas vein-style mineralisation, comprises a package of amphibolite facies metamorphosed basalts, clastic sediments, carbonate rocks and reduced shales of the Paleoproterozoic Peräpohja Schist Belt in southern Lapland. Mineralized intersections to date are largely within metabasaltic rocks. Detailed field mapping and logging of drill core indicate the gold and uraninite at Rompas is hosted by carbonate-quartz-calcsilicate veins and their related alteration selvages. The calcsilicate veins comprise carbonate, quartz, amphibole and pyroxene with highly variable amounts and distribution of uraninite and gold. Alteration of the host rock marginal to the veins comprises biotite, amphibole and some K-feldspar. The gold and uraninite are typically found intimately associated at North and South Rompas, although rare elevated uranium intersections contain little or no gold. The carbonate veins within the host clastic sequence appear identical to those within the metabasalts, indicating perhaps a structural or wall rock control on the precipitation of the gold and uraninite. Further work to identify the controls on mineralization is being conducted in association with the Geological Survey of Finland ("GTK").

In summary, the Rompas Au-U mineralized system comprises dolomite-calcsilicate-quartz veins within amphibolite facies mafic volcanics (and possibly sills).

- Mineralization occurs on a six kilometre long, north-trending ridgeline that geophysically extends up to combined 10 kilometre strike under glacial cover to the north and south.
- Folded and attenuated veins are found both within the mafic volcanics and the enclosing calcsilicate-bearing albitites, but mineralization is almost exclusively confined the mafic rocks.
- Uraninite grains, variable in size, but some exceeding 2 cm, occur within the dol-cs-qtz veins - these have been dated at 1.95 Ga (the metamorphic age of the host rocks). It is therefore interpreted that their emplacement age is much older, but likely less than 2.3 Ga (approximate age of the Great Oxidation Event).
- Gold in the Rompas mineralized trend mostly occurs intimately with uraninite, filling fractures in association with sulphides, tellurides and gold alloys. A further association is the gold that surrounds pyrobitumen grains that in turn surround uraninite.
- Apparently very late localized gold is visible on cleavage surfaces in dolomite.
- Stage 1 of the gold mineralization is dated at 1.78 Ga based on ages of the coexisting mineral assemblages; there are no constraints on the age of gold that is paragenetically later (younger) than stage 1.

After consultation with the mining and environmental authorities a decision was also made to leave handling of the Kairamaat 1 area, which includes the Rompas vein-style prospects, to a later date to allow for additional background data to be collected and further discussions with stakeholders. This process has now started and an application for the renewal of Kairamaat 1 is expected to be ready for submission in Q1 2017. Therefore, at this stage, the Company is focussing its efforts on the Rajapalot project area which it discovered in September 2012.

Rompas-Rajapalot Regional Exploration Project

Over a larger area, the extensive data collected from Rompas during the last four field seasons has provided an excellent understanding of the exploration potential. Mawson has collected a total of 2,808 surficial soil and till samples over an area exceeding 55 km by 30 km. Sample spacing has ranged from 1 km to 250 metres. Known gold mineralization correlates well with surficial soil anomalies and many untested surface targets remain over a larger area.

Surface prospecting, using radiometric methods as a pathfinder for gold, have defined high-grade gold mineralization over a 100 km² area, where less than 5% of rock outcrops. Mawson's geochemical rock chip, grab and channel sample database over this large area now contains 1,171 samples which average 212 g/t gold and 0.8% uranium. Of the 1,171 samples, 84 samples assay more than 100 g/t gold. Gold values range from 33,320 g/t gold to <0.001 g/t gold and

uranium values from 49.5% to <4 ppm. Channel samples are considered representative of the in situ mineralization sampled, while grab samples are selective by nature and are unlikely to represent average grades on the property.

Importantly, about 90% of the Rompas-Rajapalot project area is below soil and till cover which, at up to five metres thick, is too thick for the discovery of near-surface radiometric occurrences and exploration is at its very earliest of stages.

The Rompas and Rajapalot mineralization are considered to be the same system, manifested in different ways. The main relationships between the two areas, understood to date, are:

- the gold at the Rompas and Rajapalot projects is predominately 1.78 Ga in age;
- although the main gold mineralizing events at both locations appear very different, a similar driving force is inferred. That is, the hydrothermal systems are driven by shallowly-emplaced regional granitoids;
- the precipitation mechanisms for gold however, varies across the project areas - from uraninite-related processes (complex interplay of reactions involving bisulphide complexes through oxidation by radioactivity and release of radiogenic lead from uraninite) to reaction of hydrothermal fluids with existing iron-rich silicate and oxide rocks (e.g. Palokas). Processes involving more “standard” wall-rock redox and acidic fluids to produce white mica and sulphide should also be considered, along with classic skarns;
- the possibility of gold carried by “early, high-T” gold chloro complexes should not be discounted as a mechanism for the biotite-magnetite gold occurrences;
- a strong gravity gradient across North Rompas is interpreted to represent the edge of a shallow granite. The occurrence of gold along the Rompas trend appears to become higher temperature and more widely distributed with silicates towards the north (requires further work); and
- the Palokas iron formation is interpreted as lying approximately 500 metres vertically above the Rompas mafic rocks. Stratigraphically above this position are a series of aluminous clastic metasediments, quartzites, graphitic and bituminous schists and magnesian mafic rocks.

Rompas-Rajapalot Global Analogues

As a result of the first deep diamond drilling program over the 2016 winter, Mawson has been able to define the Rompas-Rajapalot mineralization as a Paleoproterozoic Lode Gold±Ironstone-Copper system. This well-documented deposit style has contributed more than 200 million ounces of gold at a global scale. The best analogue to Palokas is the Homestake Mine in South Dakota. However, Salobo (Brazil), and the Tanami mines in Australia are also regarded as excellent analogues.

The similarities of Rompas-Rajapalot to the Paleoproterozoic Lode Gold±Ironstone-Copper deposit style include:

- similar age host rocks and mineralization age;
- a similar tectonostratigraphic setting with a Paleoproterozoic sequence with large layered mafic sequence at the base, mature clastic and carbonate platform sediments, including rocks deposited during the Great Oxidation Event (GOE) transitional into deeper water, reduced facies including carbonaceous rocks;
- post-peak metamorphic emplacement of large intrusives driving hydrothermal fluids causing metal deposition in a brittle and brittle-ductile regime;
- a strong stratigraphic-structural control including stratabound and fold hinge related mineralization;
- large retrograde hydrothermal fluid systems carrying significant gold; and
- similar iron and magnesium-rich alteration rock types forming a close association with gold mineralization.

The Rompas-Rajapalot project continues to evolve with significant advances in the understanding of similar structural-stratigraphic and fluid-rock controls on apparently contrasting mineralization styles. The adoption of a “mineral systems” approach combined with the results of the recent winter diamond drilling allows us to interpret the entire new mineralized gold camp that Mawson has defined. This new interpretation has led to the definition of more than 65 kilometres of host stratigraphy in the project area. The Paleoproterozoic Lode Gold±Ironstone-Copper target style is a geological concept and is not necessarily indicative of the mineralization style that will eventually exist on

the Property. The exploration programs defined for the rest of 2016 will systematically test some of the target areas, in order to test structural and stratigraphic traps that may host this style of gold mineralization.

Environment and Permitting

The Rompas-Rajapalot project is still in the exploration phase and significant work is required before progression to an advanced exploration project. Finland has rigorous regulatory processes with strict environmental standards and we are committed at this early project stage to work with the regional and national authorities and broader stakeholder groups to develop the project in a responsible way. Mawson has completed four years of flora and water base line studies and environmental impact assessments at Rompas-Rajapalot. The Company looks forward to continuing to work closely with both the mining and environmental authorities and other stakeholders over the coming years to ensure our work is conducted according to sustainable and global best practice methods.

In November 2014, Mawson announced the appointment of environmental specialist, Ms. Noora Ahola to the position of Environmental Leader, Finland. Ms. Ahola is a Forestry Engineer with a Masters Degree in Landscape Management. She has developed strong experience within the Finnish environmental administration, applying environmental legislation towards nature protection. Her most recent role has been with The Centre for Economic Development, Transport and the Environment for Lapland (ELY-Centre) in the Nature Protection Unit as a project manager for a program based on developing biodiversity and ecological connections between Natura 2000 sites.

On September 14, 2016, Ms. Ahola was appointed as a director of the Company and as a member of the Environmental, Health and Safety Committee of the Company. Ms. Ahola advises the Company on the monitoring and management of key environmental plans and risks associated with Mawson's projects to ensure that environmental factors are effectively addressed and managed. Working closely with local communities and government, Ms. Ahola manages consultants and ensures that environmental criteria are integrated into the design of exploration projects. The role is a key member of the exploration team and she is responsible for ensuring all environmental requirements are delivered on time and within scope.

Mawson carries out its exploration activities in large areas, including areas with a conservation status. Natural regeneration capacity in the northern regions is slower than in the southern regions due to the cold climate and short growing season. All the activities must therefore be carefully and thoughtfully planned to maintain and achieve sustainability.

The Company is committed to carry out all the research measures implemented with special care, according to the national legislation, guidelines and recommendations provided by the environmental administration authorities. In addition, international legislation and in particular the Habitats and Birds Directives guide the Company's operations. As a part of Company's development it also invests in new exploration methods and techniques with less significant impacts. The Company's aim is to carry out all their activities with ecologically, socially and economically sustainable manners. The Company also requires its subcontractors to the corresponding accountability in all their activities.

The main areas of Company's operations, Rompas and Rajapalot, are located on the border of Rovaniemi and Ylitornio municipalities in northern Finland. The Company has completed a variety of nature studies, and also implemented a Natura 2000 impact assessment related to the future and ongoing exploration activities. Currently there exists little scientific research on the impacts of different kinds of exploration methods on nature and the environment in these areas and therefore the Company's exploration activities and their impacts on the natural environment, species and water is monitored continuously. Monitoring activities will provide long-term research information on how sampling and exploration work should be carried out in a sustainable way without causing damage to environmental values.

For the recent core sampling program at Rajapalot, Mawson has completed biological mapping of all areas where drilling will take place, and worked together with all authorities to minimize its impacts, including the capture of all drill cuttings, reduction in total machine weight and the placement of walkways to reduce foot traffic.

Certain areas of the Rompas-Rajapalot areas (namely claim areas Kairamaat 1-3) are defined as European Union Natura 2000 designated areas. Natura 2000 sites cover about 14.6% of Finland and approximately 30% of Northern Finland. Natura 2000 is the centrepiece of EU nature and biodiversity policy. It is an EU-wide ecological network of nearly 26,000 sites in the 27 EU countries, established under the 1992 Habitats Directive and covering almost 18% of the EU's land area. The aim of the network is to assure the long-term survival of Europe's most valuable and

threatened species and habitats. Natura 2000 is not a system of strict nature reserves where all human activities are excluded. Whereas the network will certainly include nature reserves, most of the land is likely to continue to be privately-owned and the emphasis will be on ensuring that future management is sustainable, both ecologically and economically.

Sweden

As at February 28, 2017, the Company holds a total of two claims in Sweden covering 2,416 hectares, prospective for gold.

Future Developments

Four diamond rigs and one BOT continue to drill at Rajapalot until mid to late April. Drill results will continue to flow through to the end of Q2.

Mawson continues to drill 10,000 metres of diamond drilling with more than 50 holes planned. This program will double the drill metres into the Rajapalot prospect, and will be the first systematic, large scale and deep test of the area. Forty-two holes (PAL0027-PAL0069) have been completed to date, totalling 8,721 metres of diamond drill core. Assay results from a total of 19 holes have been reported, while results are pending for an additional 23 completed holes. A further 10 diamond drill holes are planned to be drilled before the completion of the winter program

Additionally, a BOT drill program commenced in December 2016 as a fast and cost effective technique to discover and test targets within a 1,425 hectare area around Palokas. The BOT rig has completed 1,533 holes for 6,304 metres (average depth 4.3 metres) at Rajapalot (Kairamaat 2-3) and further east at Raja . A further 300 holes are planned this winter. A total of 1,235 holes have been reported, defining numerous new gold anomalous areas. The BOT rig is now infilling gold anomalous areas defined by 150 metres spaced grid drilling, on 10-20 metres spaced lines.

More than fifty local Finnish staff and consultants are already employed on site in northern Finland, including geologists, field technicians, environmental experts, drillers and drilling offsidiers.

Qualified Person

The qualified person for Mawson's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2017			Fiscal 2016				Fiscal 2015
	Feb 28 2017 \$	Nov 30 2016 \$	Aug 31 2016 \$	May 31 2016 \$	Feb 29 2016 \$	Nov 30 2015 \$	Aug 31 2015 \$	May 31 2015 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(476,915)	(1,276,504)	(279,815)	(271,899)	(466,729)	(417,660)	(300,431)	(443,237)
Other items	7,106	(571,900)	5,063	(43,398)	12,149	5,771	132,872	78,697
Deferred income tax	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(469,809)	(1,848,404)	(274,752)	(315,297)	(454,580)	(411,889)	(167,559)	(364,540)
Other comprehensive income (loss), net	9,830	617,198	40,662	11,638	15,327	(9,375)	12,612	(21,968)
Comprehensive loss	(459,979)	(1,231,206)	(234,090)	(303,659)	(439,253)	(421,264)	(154,947)	(386,508)
Basic and diluted loss per share	(0.00)	(0.02)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	7,389,113	3,007,038	3,480,750	3,990,281	4,812,969	4,420,107	3,995,480	4,149,868
Total assets	23,886,387	18,180,674	18,305,748	18,452,124	19,103,495	17,587,205	16,571,469	16,748,322
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended February 28, 2017 Compared to Three Months Ended November 30, 2016

During the three months ended February 28, 2017 (“Q3”) the Company reported a net loss of \$469,809 compared to a net loss of \$1,848,404 for the three months ended November 30, 2016 (“Q2”), a decrease in loss of \$1,378,595. The decrease in loss is primarily attributed to:

- (i) the recognition of share-based compensation of \$877,800 in Q2 on the granting of 4,620,000 stock options. No options were granted in Q3 and, accordingly, no recognition of share-based compensation; and
- (ii) the sale of 3,500,000 common shares of Hansa Resources Limited (“Hansa”) in Q2 for proceeds of \$140,000, resulting in a realized loss on the sale of \$575,000.

Nine Months Ended February 28, 2017 Compared to Nine Months Ended February 29, 2016

During the nine month period ended February 28, 2017 (the “2017 period”) the Company reported a net loss of \$2,592,965 (\$0.03 per share), an increase of \$1,558,937 from the net loss of \$1,034,028 (\$0.01 per share) reported for the nine months ended February 29, 2016 (the “2016 period”). Significant variances and items of noted are as follows:

- (i) the recognition of share-based compensation of \$877,800 in the 2017 period from the stock option grants in Q2. No options were granted in the 2016 period;
- (ii) \$575,000 realized loss in the 2017 period on the sale of 3,500,000 common shares of Hansa for \$140,000. See also “Investments”;
- (iii) during the 2016 period the Company sold its condominium for net proceeds of \$292,813 and recorded a gain of \$99,235;
- (iv) incurred salaries and benefits of \$115,688 (2016 - \$147,379) for staffing. The primary decrease in salaries expense was due to increased recoveries of the salary relating to the Company’s Corporate Secretary during the 2017 period. See also “Related Party Disclosures - (b)(i)”.
- (v) incurred corporate development expenses of \$34,049 (2016 - \$45,148). During the 2016 period the Company initiated several marketing campaigns;
- (vi) incurred travel expenses totalling \$246,046 (2016 - \$187,135). Travel expenses were higher during the 2017 period compared to the 2016 period due to increased travel to oversee exploration and evaluation assets in Finland;
- (vii) professional fees of \$235,519 (2016 - \$260,768) were incurred of which \$58,500 (2016 - \$108,000) was charged by current and former directors of the Company and \$177,019 (2016 - \$152,768) was charged by independent consultants for general corporate services. The decrease in professional fees reflects the reduction in the compensation of the Company’s directors and the general manager in Finland ; and
- (viii) rent expense of \$54,744 (2016 - \$37,609) was incurred for office premises in Canada and Finland. The increase in rent is due to rental of a new facility for combined office and storage of drill core and samples in Finland.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During the 2017 period the Company reported interest income of \$33,129 compared to \$30,657 during the 2016 period, an increase of \$2,472. The increase is due to higher levels of cash held throughout the 2017 period.

Financings

In December 2016 the Company completed a non-brokered private placement of 15,000,000 units of the Company at \$0.40 per unit for gross proceeds of \$6,000,000. The funds have been used for drill testing of the Rompas-Rajapalot gold discovery and for general working capital purposes.

In December 2015 the Company completed a non-brokered private placement of 15,720,392 units of the Company at \$0.20 per unit for gross proceeds of \$3,144,078. The net proceeds from the financing were used to drill at the Company’s Rompas-Rajapalot Project in Finland and for general working capital purposes.

Investments

The Company's holdings in the common shares of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value, using quoted values. During the 2017 period the Company sold 3,500,000 common shares of Hansa for proceeds of \$140,000 and recorded a realized loss on sale of investment of \$575,000. The Company also recorded a comprehensive gain of \$667,690 (2016 - \$18,564) for reversal of previously recognized comprehensive loss amounts on the Hansa common shares and the change in the fair values of the remaining investments. As at February 28, 2017 the quoted market value of the remaining investments was \$48,643 compared to \$84,315 at February 29, 2016.

Exploration and Evaluation Assets

	As at February 28, 2017			As at May 31 2016		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland - Gold Projects	2,297,379	13,357,456	15,654,835	2,171,008	11,915,420	14,086,428
Sweden - Other Projects	7,548	741	8,289	7,548	741	8,289
	<u>2,304,927</u>	<u>13,358,197</u>	<u>15,663,124</u>	<u>2,178,556</u>	<u>11,916,161</u>	<u>14,094,717</u>

During 2017 period the Company incurred a total of \$1,568,407 (2016 - \$1,620,992) on the acquisition, exploration and evaluation of its unproven resource assets in Finland and Sweden. Exploration activities during the 2017 period were focused on the drilling at the Rajapalot project area, details of which are described in "Exploration Projects" in this MD&A.

Financial Condition / Capital Resources

As at February 28, 2017, the Company had working capital of \$7,389,113. The Company believes that it has sufficient financial resources to conduct the winter deep diamond drill program, amongst other work programs, at the Palokas prospect and broader Rajapalot project area, and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. The Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the May 31, 2016 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Parties 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 2017 and 2016 periods the following amounts were incurred with respect to the Company's Chairman and CEO (Mr. Hudson), President (Dr. Cook), and CFO (Mr. DeMare):

	2017 \$	2016 \$
Management fees - Mr. Hudson	135,000	135,000
Professional fees - Mr. DeMare	18,000	22,000
Professional fees - Mr. Cook	136,776	98,372
Share-based compensation - Mr. Hudson	190,000	-
Share-based compensation - Mr. DeMare	76,000	-
Share-based compensation - Mr. Cook	76,000	-
	<u>631,776</u>	<u>255,372</u>

Professional fees of \$136,776 (2016 - \$98,372) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at February 28, 2017, \$47,357 (May 31, 2016 - \$13,989) of the above amounts remained unpaid.

The Company has a management agreement with Mr. Hudson, which provides that in the event that Mr. Hudson's services as the Company's CEO are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at \$15,000 per month, is payable. If the termination had occurred on February 28, 2017 the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

(i) During the 2017 and 2016 periods the following amounts were incurred with respect to the Company's non-executive current and former directors (Messrs. Henstridge, Leathley, Saxon and Maclean and Ms. Ahola) and Corporate Secretary (Ms. Bermudez):

	2017 \$	2016 \$
Salaries - Ms. Bermudez	60,750	60,750
Professional fees - Mr. Henstridge	13,500	21,500
Professional fees - Mr. Saxon	13,500	21,500
Professional fees - Mr. Maclean	13,500	21,500
Professional fees - Mr. Leathley (former director) ⁽¹⁾	-	21,500
Fees and compensation - Ms. Ahola ⁽²⁾	53,188	-
Share-based compensation - Ms. Bermudez	38,000	-
Share-based compensation - Mr. Henstridge	76,000	-
Share-based compensation - Mr. Saxon	76,000	-
Share-based compensation - Mr. Maclean	76,000	-
Share-based compensation - Ms. Ahola	76,000	-
	<u>496,438</u>	<u>146,750</u>

(1) Effective April 4, 2016 Mr. Leathley resigned as a director of the Company.

(2) Director and member of the Environmental Health and Safety committee.

Fees and compensation of \$53,188 (2016 - \$nil) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at February 28, 2017, \$10,500 (May 31, 2016 - \$9,000) of the above amounts remained unpaid.

- (ii) During the 2017 period the Company incurred a total of \$37,200 (2016 - \$38,850) with Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare, and \$3,015 (2016 - \$3,015) for rent. As at February 28, 2017, \$3,670 (May 31, 2016 - \$335) remained unpaid.

During the 2017 period the Company also recorded \$19,000 (2016 - \$nil) for share-based compensation for share options granted to Chase.

- (c) During the 2017 period the Company recovered \$53,738 (2016 - \$40,222) for shared office personnel and costs from Tinka Resources Limited, Leading Edge Materials Corp., (“Leading Edge”) and Tasman Metals Ltd., which was acquired by Leading Edge on August 25, 2016, public companies with common directors and officers. As at February 29, 2017, \$18,012 (May 31, 2016 - \$6,888) of the amount remained outstanding.
- (d) During the 2017 period Sentient Global Resources Fund IV, L.P., a significant minority shareholder, participated in a private placement for 5,378,066 units and during the 2016 period participated in a private placement for 7,500,000 units.
- (e) During the 2016 period officers and directors participated in a private placement as follows: Mr. Hudson - 350,000 units; Mr. Cook - 100,000 units; Mr. Leathley - 25,000 units; Mr. Saxon - 80,000 units; and Mr. Clark - 5,000 units.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company believes that it is in compliance in all material regulations applicable to its exploration activities. The Company is dealing with certain Finnish environmental authorities in regards to certain issues on the Rompas property. See also “Exploration Projects - Finland - Environment and Permitting”. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company’s material mineral properties are located in Scandinavia and consequently the Company is subject to certain risks, including currency fluctuations which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by governmental regulations relating to the mining industry.

Additional risks and uncertainties relating to the Company and its business can be found in the “Risk Factors” section of the Company’s most recent Annual Information Form available at www.sedar.com or the Company’s website at www.mawsonresources.com.

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares without par value. As at April 12, 2017 there were 105,307,863 issued and outstanding common shares. In addition, there were 5,000,000 share options outstanding, at exercise prices ranging from \$0.20 to \$0.45 per share and 15,378,944 warrants outstanding at exercise prices ranging from \$0.30 to \$0.60 per share.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* ("52-109"), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. Management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures.

Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of February 28, 2017.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on December 1, 2016 and ending on February 28, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.