
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2018

(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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

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

	Note	February 28, 2018 \$	May 31, 2017 \$
ASSETS			
Current assets			
Cash	12(i)	15,124,692	4,921,999
Amounts receivable		531	21,051
GST/VAT receivable		255,614	477,997
Prepaid expenses and deposits		<u>262,148</u>	<u>141,843</u>
Total current assets		<u>15,642,985</u>	<u>5,562,890</u>
Non-current assets			
Investments	4	35,519	35,176
Property, plant and equipment	5	53,453	33,041
Exploration and evaluation assets	6	<u>20,864,703</u>	<u>17,921,633</u>
Total non-current assets		<u>20,953,675</u>	<u>17,989,850</u>
TOTAL ASSETS		<u>36,596,660</u>	<u>23,552,740</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>1,499,384</u>	<u>843,418</u>
TOTAL LIABILITIES		<u>1,499,384</u>	<u>843,418</u>
SHAREHOLDERS' EQUITY			
Share capital	7	62,256,323	48,301,018
Share-based payments reserve		7,125,361	6,958,017
Deficit		(34,258,324)	(32,523,286)
Accumulated other comprehensive loss		<u>(26,084)</u>	<u>(26,427)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>35,097,276</u>	<u>22,709,322</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>36,596,660</u>	<u>23,552,740</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 13, 2018 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, 2018 \$	February 28, 2017 \$	February 28, 2018 \$	February 28, 2017 \$
Expenses					
Accounting and administration	8(b)	20,985	18,372	71,240	64,183
Audit		-	-	31,885	29,070
Corporate advisory fees		490,000	-	490,000	-
Corporate development		36,878	21,865	92,189	34,049
Depreciation	5	4,174	2,836	12,523	8,508
Directors and officers compensation	8(a)	89,500	64,500	233,132	193,500
General exploration	8(a)	10,724	19,491	53,835	58,054
Legal		34,768	68,529	76,686	78,965
Office and sundry		44,461	29,825	76,695	58,268
Professional fees		67,510	92,466	169,072	177,019
Regulatory fees		16,840	4,552	32,438	15,752
Rent		32,849	18,659	67,068	54,744
Salaries and benefits		18,777	45,462	76,679	115,688
Share-based compensation	7(d)	-	-	84,000	877,800
Shareholder costs		8,345	3,880	16,540	14,470
Transfer agent		8,821	2,439	16,500	7,118
Travel		55,221	84,039	188,467	246,046
		<u>939,853</u>	<u>476,915</u>	<u>1,788,949</u>	<u>2,033,234</u>
Loss before other items		<u>(939,853)</u>	<u>(476,915)</u>	<u>(1,788,949)</u>	<u>(2,033,234)</u>
Other items					
Interest income		34,039	18,908	57,744	33,129
Foreign exchange		969	(11,802)	(3,833)	(17,860)
Realized loss on sale of investment		-	-	-	(575,000)
		<u>35,008</u>	<u>7,106</u>	<u>53,911</u>	<u>(559,731)</u>
Net loss for the period		<u>(904,845)</u>	<u>(469,809)</u>	<u>(1,735,038)</u>	<u>(2,592,965)</u>
Other comprehensive gain		<u>7,845</u>	<u>9,830</u>	<u>343</u>	<u>667,690</u>
Comprehensive loss for the period		<u>(897,000)</u>	<u>(459,979)</u>	<u>(1,734,695)</u>	<u>(1,925,275)</u>
Basic and diluted loss per common share		<u>\$(0.01)</u>	<u>\$(0.00)</u>	<u>\$(0.02)</u>	<u>\$(0.03)</u>
Weighted average number of common shares outstanding		<u>124,198,738</u>	<u>105,307,863</u>	<u>111,666,771</u>	<u>95,196,752</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, 2018						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2017	105,307,863	48,301,018	6,958,017	(32,523,286)	(26,427)	22,709,322
Common shares issued for:						
- private placements	34,023,285	13,808,150	-	-	-	13,808,150
- share options exercised	80,000	16,000	-	-	-	16,000
- finder's warrants exercised	18,750	5,625	-	-	-	5,625
- warrants exercised	2,161,695	648,509	-	-	-	648,509
Share issue costs	-	(532,479)	-	-	-	(532,479)
Transfer on exercise:						
- share options	-	8,000	(8,000)	-	-	-
- finder's warrants	-	1,500	(1,500)	-	-	-
Share-based compensation on:						
- share options	-	-	84,000	-	-	84,000
- compensation options and finder's warrants	-	-	92,844	-	-	92,844
Unrealized gain on investments	-	-	-	-	343	343
Net loss for the period	-	-	-	(1,735,038)	-	(1,735,038)
Balance at February 28, 2018	141,591,593	62,256,323	7,125,361	(34,258,324)	(26,084)	35,097,276

Nine Months Ended February 28, 2017						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2016	90,307,863	42,327,191	6,071,217	(29,471,192)	(721,150)	18,206,066
Common shares issued for:						
- private placement	15,000,000	6,000,000	-	-	-	6,000,000
Share issue costs	-	(26,173)	-	-	-	(26,173)
Share-based compensation	-	-	877,800	-	-	877,800
Unrealized income on investments	-	-	-	-	57,690	57,690
Reclassification of adjustment on sale of investment	-	-	-	-	610,000	610,000
Net loss for the period	-	-	-	(2,592,965)	-	(2,592,965)
Balance at February 28, 2017	105,307,863	48,301,018	6,949,017	(32,064,157)	(53,460)	23,132,418

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, 2018 \$	February 28, 2017 \$
Operating activities		
Net loss for the period	(1,735,038)	(2,592,965)
Adjustments for:		
Depreciation	12,523	8,508
Share-based compensation	84,000	877,800
Realized loss on sale of investment	-	575,000
Changes in non-cash working capital items:		
Amounts receivable	20,520	(11,290)
GST/VAT receivables	222,383	(74,344)
Prepaid expenses and deposits	(120,305)	(48,652)
Accounts payable and accrued liabilities	1,065,556	178,095
Net cash used in operating activities	<u>(450,361)</u>	<u>(1,087,848)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(3,352,660)	(1,238,591)
Additions to property, plant and equipment	(32,935)	(14,931)
Proceeds on sale of investment	-	140,000
Net cash used in investing activities	<u>(3,385,595)</u>	<u>(1,113,522)</u>
Financing activities		
Issuance of share capital	14,478,284	6,000,000
Share issue costs	(439,635)	(26,173)
Net cash provided by financing activities	<u>14,038,649</u>	<u>5,973,827</u>
Net change in cash	10,202,693	3,772,457
Cash at beginning of period	<u>4,921,999</u>	<u>4,087,254</u>
Cash at end of period	<u>15,124,692</u>	<u>7,859,711</u>

Supplemental cash flow information - Note 10

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(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, 2018 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at February 28, 2018 the Company had working capital in the amount of \$14,143,601. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. 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, 2017, 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, 2017.

Basis of Measurement

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

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

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

Comparative Figures

Certain of the prior period’s comparative figures have been reclassified to conform with the current period’s presentation.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

3. Subsidiaries

The subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Mawson AB	Sweden	100%
Mawson Oy	Finland	100%
Mawson Canada Pty Ltd.	Australia	100%

4. Investments

<u>As at February 28, 2018</u>				
	<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>
		<u>\$</u>	<u>(Loss) Gain</u>	<u>Value</u>
			<u>\$</u>	<u>\$</u>
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(39,375)	5,625
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>13,291</u>	<u>29,894</u>
		<u>61,603</u>	<u>(26,084)</u>	<u>35,519</u>
<u>As at May 31, 2017</u>				
	<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>
		<u>\$</u>	<u>(Loss) Gain</u>	<u>Value</u>
			<u>\$</u>	<u>\$</u>
Common shares				
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(39,937)	5,063
Thomson Resources Ltd. ("Thomson")	600,000	<u>16,603</u>	<u>13,510</u>	<u>30,113</u>
		<u>61,603</u>	<u>(26,427)</u>	<u>35,176</u>

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

5. Property, Plant and Equipment

	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Cost:				
Balance at May 31, 2016	10,458	74,069	158,504	243,031
Additions	-	5,535	24,652	30,187
Balance at May 31, 2017	10,458	79,604	183,156	273,218
Additions	-	22,354	10,581	32,935
Balance at February 28, 2018	<u>10,458</u>	<u>101,958</u>	<u>193,737</u>	<u>306,153</u>
Accumulated Depreciation:				
Balance at May 31, 2016	(9,882)	(54,017)	(154,017)	(217,916)
Depreciation	(53)	(9,327)	(12,881)	(22,261)
Balance at May 31, 2017	(9,935)	(63,344)	(166,898)	(240,177)
Depreciation	(393)	(7,050)	(5,080)	(12,523)
Balance at February 28, 2018	<u>(10,328)</u>	<u>(70,394)</u>	<u>(171,978)</u>	<u>(252,700)</u>
Carrying Value:				
Balance at May 31, 2017	<u>523</u>	<u>16,260</u>	<u>16,258</u>	<u>33,041</u>
Balance at February 28, 2018	<u>130</u>	<u>31,564</u>	<u>21,759</u>	<u>53,453</u>

6. Exploration and Evaluation Assets

	<u>As at February 28, 2018</u>			<u>As at May 31, 2017</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rompas-Rajapalot	2,529,614	17,915,218	20,444,832	2,297,575	15,615,769	17,913,344
Other	<u>235,274</u>	<u>184,597</u>	<u>419,871</u>	<u>7,548</u>	<u>741</u>	<u>8,289</u>
	<u>2,764,888</u>	<u>18,099,815</u>	<u>20,864,703</u>	<u>2,305,123</u>	<u>15,616,510</u>	<u>17,921,633</u>

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

	Rompas- Rajapalot \$	Other \$	Total \$
Balance at May 31, 2016	<u>14,086,428</u>	<u>8,289</u>	<u>14,094,717</u>
Exploration costs			
Assays	306,470	-	306,470
Consulting	41,337	-	41,337
Core logging	36,830	-	36,830
Drilling	2,441,774	-	2,441,774
Exploration site	7,021	-	7,021
Field equipment	9,637	-	9,637
Field workers	66,853	-	66,853
Fuel	12,243	-	12,243
Geological	180,029	-	180,029
Geophysics	86,320	-	86,320
Salaries and benefits	490,872	-	490,872
Vehicle rental	20,963	-	20,963
	<u>3,700,349</u>	<u>-</u>	<u>3,700,349</u>
Acquisition costs			
Mining rights	<u>126,567</u>	<u>-</u>	<u>126,567</u>
Balance at May 31, 2017	<u>17,913,344</u>	<u>8,289</u>	<u>17,921,633</u>
Exploration costs			
Assays	321,355	28,787	350,142
Consulting	57,586	-	57,586
Core logging	2,696	-	2,696
Drilling	1,037,123	-	1,037,123
Exploration site	9,700	-	9,700
Field equipment	14,172	1,697	15,869
Field workers	86,168	-	86,168
Fuel	11,402	-	11,402
Geological	199,321	128,855	328,176
Geophysics	51,040	-	51,040
Salaries and benefits	476,198	-	476,198
Travel	9,370	24,517	33,887
Vehicle rental	23,318	-	23,318
	<u>2,299,449</u>	<u>183,856</u>	<u>2,483,305</u>
Acquisition costs			
Mining rights	232,039	103,456	335,495
Option payment	-	124,270	124,270
	<u>232,039</u>	<u>227,726</u>	<u>459,765</u>
Balance at February 28, 2018	<u>20,444,832</u>	<u>419,871</u>	<u>20,864,703</u>

Rompas -Rajapalot

As at February 28, 2018 the Company holds a total of 15 claims and exploration permits (the Rompas-Rajapalot Gold Project) which have been granted or are under application in northern Finland.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital

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

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

(b) ***Equity Financings***

Nine Months Ended February 28, 2018

During the nine months ended February 28, 2018 the Company completed:

- (i) a brokered and non-brokered private placement totalling 15,023,285 units of the Company at \$0.35 per unit for gross proceeds of \$5,258,150. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.50 on or before December 8, 2019. The Company paid finders' fees of \$185,046 cash and issued compensation options to acquire 773,702 common shares, at a price of \$0.44 per share on or before December 8, 2019. The Company also issued finder's warrants to acquire 1,290 common shares at a price of \$0.50 on or before December 8, 2019. The total fair value of the compensation options and finder's warrants has been estimated to be \$92,844 using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 1.5%, estimated volatility of 75%; expected life of 2 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%. The Company also incurred \$196,651 for legal and filing costs associated with the private placement.

Certain directors and officers of the Company purchased 425,000 units of this offering.

- (ii) a non-brokered private placement of 19,000,000 units of the Company at \$0.45 per unit for gross proceeds of \$8,550,000 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.65 on or before February 14, 2020. The Company incurred \$57,937 for legal and filing costs associated with the private placement.

Fiscal 2017

During fiscal 2017 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 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.60 for a period of two years expiring December 2, 2018. The Company incurred \$26,173 for legal and filing costs associated with the private placement.

A significant minority shareholder of the Company acquired 5,378,066 units of this private placement.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

7. **Share Capital** (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2018 and 2017 and the changes for the nine months ended on those dates, is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	15,378,944	0.45	17,113,272	0.45
Issued	17,786,635	0.58	7,500,000	0.60
Exercised	(2,180,445)	0.30	-	-
Expired	(5,698,499)	0.30	(9,234,328)	0.58
Balance, end of period	25,286,635	0.58	15,378,944	0.45

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2017:

Number	Exercise Price \$	Expiry Date
7,500,000	0.60	December 2, 2018
773,702	0.44	December 8, 2019
7,512,933	0.50	December 8, 2019
9,500,000	0.65	February 14, 2020
25,286,635		

(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, 2018 the Company granted share options to purchase 400,000 (2017 - 4,620,000) common shares and recorded compensation expense of \$84,000 (2017 - \$877,800).

The fair value of share options granted and vested during the nine months ended February 28, 2018 and 2017 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2017	2016
Risk-free interest rate	0.79%	0.53%
Estimated volatility	85%	83%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the nine months ended February 28, 2018 was \$0.21 (2017 - \$0.19) per share option.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital (continued)

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 a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at February 28, 2018 and 2017 and the changes for the nine months ended on those dates, is as follows:

	2018		2017	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	5,050,000	0.35	4,170,000	0.51
Granted	400,000	0.39	4,620,000	0.35
Exercised	(80,000)	0.20		
Expired	<u>(300,000)</u>	0.45	<u>(3,790,000)</u>	0.52
Balance, end of period	<u>5,070,000</u>	0.35	<u>5,000,000</u>	0.35

The following table summarizes information about the share options outstanding and exercisable at February 28, 2018:

Number	Exercise Price \$	Expiry Date
4,620,000	0.35	September 23, 2019
50,000	0.365	May 12, 2020
<u>400,000</u>	0.39	June 15, 2020
<u>5,070,000</u>		

8. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) *Transactions with Key Management Personnel*

During the nine months ended February 28, 2018 and 2017 the following compensation amounts were incurred:

	2018 \$	2017 \$
Professional fees and salaries	446,795	444,214
Share-based compensation	<u>84,000</u>	<u>684,000</u>
	<u>530,795</u>	<u>1,128,214</u>

During the nine months ended February 28, 2018 the Company allocated the \$446,795 (2017 - \$444,214) professional fees and salaries based on the nature of the services provided: expensed \$233,132 (2017 - \$193,500) to directors and officers compensation; \$nil (2017 - \$60,750) to salaries and benefits; and capitalized \$213,663 (2017 - \$189,964) to exploration and evaluation assets. As at February 28, 2018 \$50,484 (May 31, 2017 - \$40,967) remained unpaid and has been included in accounts payable and accrued liabilities.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$12,000 per month, is payable. If the termination had occurred on February 28, 2018, the amount payable under the agreement would be \$360,000.

(b) During the nine months ended February 28, 2018 the Company incurred a total of \$41,000 (2017 - \$37,200) 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 \$3,015 (2017 - \$3,015) for rent. As at February 28, 2018, \$4,170 (May 31, 2017 - \$3,670) remained unpaid and has been included in accounts payable and accrued liabilities.

(d) See also Note 7(b).

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: 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, 2018 \$	May 31, 2017 \$
Cash	FVTPL	15,124,692	4,921,999
Amounts receivable	Loans and receivables	531	21,051
Investments	Available-for-sale	35,519	35,176
Accounts payable and accrued liabilities	Other liabilities	(1,499,384)	(843,418)

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

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

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

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

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

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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 potential loss related to the credit risk 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, 2018					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	15,124,692	-	-	-	15,124,692
Amounts receivable	531	-	-	-	531
Investments	-	-	35,519	-	35,519
Accounts payable and accrued liabilities	(1,499,384)	-	-	-	(1,499,384)

Contractual Maturity Analysis at May 31, 2017					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	4,921,999	-	-	-	4,921,999
Amounts receivable	21,051	-	-	-	21,051
Investments	-	-	35,176	-	35,176
Accounts payable and accrued liabilities	(843,418)	-	-	-	(843,418)

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, 2018, 1 Canadian Dollar was equal to 0.64 Euro, 6.46 SEK and 0.78 US Dollar.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Balances are as follows:

	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	499,894	140,541	175,149	1,027,390
GST / VAT receivable	136,666	2,627	-	213,948
Accounts payable and accrued liabilities	<u>(823,026)</u>	<u>-</u>	<u>(10,196)</u>	<u>(1,299,050)</u>
	<u>(186,466)</u>	<u>143,168</u>	<u>164,953</u>	<u>(57,712)</u>

Based on the net exposures as of February 28, 2018 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK and US Dollar would result in the Company's net loss being approximately \$500 higher (or lower).

Capital Management

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

10. Supplemental Cash Flow Information

During the nine months ended February 28, 2018 and 2017 non-cash activities were conducted by the Company as follows:

	2018 \$	2017 \$
Operating activity		
Accounts payable and accrued liabilities	<u>409,590</u>	<u>329,816</u>
Investing activity		
Exploration and evaluation assets	<u>(409,590)</u>	<u>(329,816)</u>
Financing activities		
Share-based payments reserve	83,344	-
Share issue costs	(92,844)	-
Issuance of share capital	<u>9,500</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's primary exploration and evaluation assets are located in Finland 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.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

11. Segmented Information (continued)

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

	As at February 28, 2018			
	Canada	Finland	Other	Total
	\$	\$	\$	\$
Current assets	14,471,663	1,145,728	25,594	15,642,985
Investments	35,519	-	-	35,519
Property, plant and equipment	-	53,453	-	53,453
Exploration and evaluation assets	-	20,444,832	419,871	20,864,703
	<u>14,507,182</u>	<u>21,644,013</u>	<u>445,465</u>	<u>36,596,660</u>
	As at May 31, 2017			
	Canada	Finland	Other	Total
	\$	\$	\$	\$
Current assets	4,943,652	586,221	33,017	5,562,890
Investments	35,176	-	-	35,176
Property, plant and equipment	523	32,518	-	33,041
Exploration and evaluation assets	-	17,913,344	8,289	17,921,633
	<u>4,979,351</u>	<u>18,532,083</u>	<u>41,306</u>	<u>23,552,740</u>