
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
FEBRUARY 28, 2017

(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, 2017 \$	May 31, 2016 \$
ASSETS			
Current assets			
Cash		7,859,711	4,087,254
Amounts receivable		18,913	7,623
GST/VAT receivable		106,440	32,096
Prepaid expenses and deposits		<u>158,018</u>	<u>109,366</u>
Total current assets		<u>8,143,082</u>	<u>4,236,339</u>
Non-current assets			
Investments		48,643	95,953
Property, plant and equipment	4	31,538	25,115
Exploration and evaluation assets	5	<u>15,663,124</u>	<u>14,094,717</u>
Total non-current assets		<u>15,743,305</u>	<u>14,215,785</u>
TOTAL ASSETS		<u>23,886,387</u>	<u>18,452,124</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>753,969</u>	<u>246,058</u>
TOTAL LIABILITIES		<u>753,969</u>	<u>246,058</u>
SHAREHOLDERS' EQUITY			
Share capital	6	48,301,018	42,327,191
Share-based payments reserve		6,949,017	6,071,217
Deficit		(32,064,157)	(29,471,192)
Accumulated other comprehensive loss		<u>(53,460)</u>	<u>(721,150)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>23,132,418</u>	<u>18,206,066</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>23,886,387</u>	<u>18,452,124</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 12, 2017 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, 2017 \$	February 29, 2016 \$	February 28, 2017 \$	February 29, 2016 \$
Expenses					
Accounting and administration	7(b)(ii)	18,372	18,071	64,183	65,459
Audit		-	112	29,070	41,332
Corporate development		21,865	10,210	34,049	45,148
Depreciation	4	2,836	2,836	8,508	8,508
General exploration		19,491	37,812	58,054	58,825
Legal		68,529	65,415	78,965	81,951
Management fees	7(a)	45,000	45,000	135,000	135,000
Office and sundry		29,825	39,900	58,268	78,208
Professional fees	7	111,966	86,395	235,519	260,768
Regulatory fees		4,552	5,940	15,752	17,024
Rent		18,659	14,264	54,744	37,609
Salaries and benefits		45,462	49,874	115,688	147,379
Share-based compensation	6(d)	-	-	877,800	-
Shareholder costs		3,880	4,172	14,470	12,471
Transfer agent		2,439	6,447	7,118	8,003
Travel		84,039	80,281	246,046	187,135
		<u>476,915</u>	<u>466,729</u>	<u>2,033,234</u>	<u>1,184,820</u>
Loss before other items		<u>(476,915)</u>	<u>(466,729)</u>	<u>(2,033,234)</u>	<u>(1,184,820)</u>
Other items					
Gain on sale of property, plant and equipment	4	-	-	-	99,235
Realized loss on sale of investment	8	-	-	(575,000)	-
Interest and other income		18,908	12,585	33,129	30,657
Foreign exchange		(11,802)	(436)	(17,860)	20,900
		<u>7,106</u>	<u>12,149</u>	<u>(559,731)</u>	<u>150,792</u>
Net loss for the period		<u>(469,809)</u>	<u>(454,580)</u>	<u>(2,592,965)</u>	<u>(1,034,028)</u>
Other comprehensive gain		<u>9,830</u>	<u>15,327</u>	<u>667,690</u>	<u>18,564</u>
Comprehensive loss for the period		<u>(459,979)</u>	<u>(439,253)</u>	<u>(1,925,275)</u>	<u>(1,015,464)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.03)</u>	<u>\$(0.01)</u>
Weighted average number of common shares outstanding		<u>105,307,863</u>	<u>90,132,775</u>	<u>95,196,752</u>	<u>79,744,239</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, 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

	Nine Months Ended February 29, 2016					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2015	74,549,971	39,225,378	6,069,717	(28,121,867)	(751,352)	16,421,876
Common shares issued for:						
- private placement	15,720,392	3,144,078	-	-	-	3,144,078
- finders fee	37,500	6,000	1,500	-	-	7,500
Share issue costs		(35,543)	-	-	-	(35,543)
Unrealized income on investments	-	-	-	-	18,564	18,564
Net loss for the period	-	-	-	(1,034,028)	-	(1,034,028)
Balance at February 29, 2016	90,307,863	42,339,913	6,071,217	(29,155,895)	(732,788)	18,522,447

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, 2017 \$	February 29, 2016 \$
Operating activities		
Net loss for the period	(2,592,965)	(1,034,028)
Adjustments for:		
Depreciation	8,508	8,508
Share-based compensation	877,800	-
Realized loss on sale of investment	575,000	-
Gain on sale of property, plant and equipment	-	(99,235)
Changes in non-cash working capital items:		
Amounts receivable	(11,290)	(6,496)
GST/VAT receivables	(74,344)	(23,377)
Prepaid expenses and deposits	(48,652)	6,583
Accounts payable and accrued liabilities	178,095	(49,252)
Net cash used in operating activities	<u>(1,087,848)</u>	<u>(1,197,297)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(1,238,591)	(1,317,138)
Proceeds on sale of investment	140,000	-
Additions to property, plant and equipment	(14,931)	-
Proceeds on sale of property, plant and equipment	-	292,813
Net cash used in investing activities	<u>(1,113,522)</u>	<u>(1,024,325)</u>
Financing activities		
Issuance of share capital	6,000,000	3,144,078
Share issue costs	(26,173)	(28,043)
Net cash provided by financing activities	<u>5,973,827</u>	<u>3,116,035</u>
Net change in cash	3,772,457	894,413
Cash at beginning of period	<u>4,087,254</u>	<u>4,371,419</u>
Cash at end of period	<u>7,859,711</u>	<u>5,265,832</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, 2017
(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, 2017 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, 2017 the Company had working capital in the amount of \$7,389,113. 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, 2016, 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, 2016.

Basis of Presentation

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

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(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%
Kay Metals Ltd. (inactive)	Barbados	100%

4. Property, Plant and Equipment

Cost:	Condominium \$	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Balance at May 31, 2015	248,450	10,458	74,069	158,504	491,481
Disposal	<u>(248,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(248,450)</u>
Balance at May 31, 2016	-	10,458	74,069	158,504	243,031
Additions	<u>-</u>	<u>-</u>	<u>3,970</u>	<u>10,961</u>	<u>14,931</u>
Balance at February 28, 2017	<u>-</u>	<u>10,458</u>	<u>78,039</u>	<u>169,465</u>	<u>257,962</u>
Accumulated Depreciation:					
Balance at May 31, 2015	(54,872)	(7,295)	(45,887)	(152,895)	(260,949)
Depreciation	-	(2,587)	(8,130)	(1,122)	(11,839)
Disposal	<u>54,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,872</u>
Balance at May 31, 2016	-	(9,882)	(54,017)	(154,017)	(217,916)
Depreciation	<u>-</u>	<u>(90)</u>	<u>(7,746)</u>	<u>(672)</u>	<u>(8,508)</u>
Balance at February 28, 2017	<u>-</u>	<u>(9,972)</u>	<u>(61,763)</u>	<u>(154,689)</u>	<u>(226,424)</u>
Carrying Value:					
Balance at May 31, 2016	<u>-</u>	<u>576</u>	<u>20,052</u>	<u>4,487</u>	<u>25,115</u>
Balance at February 28, 2017	<u>-</u>	<u>486</u>	<u>16,276</u>	<u>14,776</u>	<u>31,538</u>

In June 2015 the Company sold its condominium for net proceeds of \$292,813 and recorded a gain of \$99,235.

5. Exploration and Evaluation Assets

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

MAWSON RESOURCES LIMITED
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(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	<u>Finland</u>	<u>Sweden</u>	
	Gold Projects \$	Other Projects \$	Total \$
Balance at May 31, 2015	<u>11,915,601</u>	<u>60,124</u>	<u>11,975,725</u>
Exploration costs			
Assays	66,074	-	66,074
Consulting	5,510	-	5,510
Core logging	96,966	-	96,966
Drilling	1,090,413	-	1,090,413
Exploration site	3,092	741	3,833
Field equipment	12,932	-	12,932
Fuel	24,889	-	24,889
Geological	180,117	-	180,117
Geophysics	139,530	-	139,530
Salaries and benefits	396,784	-	396,784
Travel	8,158	-	8,158
Vehicle rental	62,319	-	62,319
	<u>2,086,784</u>	<u>741</u>	<u>2,087,525</u>
Acquisition costs			
Mining rights	84,043	4,856	88,899
Recoveries	-	(25,821)	(25,821)
	<u>84,043</u>	<u>(20,965)</u>	<u>63,078</u>
Impairment	<u>-</u>	<u>(31,611)</u>	<u>(31,611)</u>
Balance at May 31, 2016	<u>14,086,428</u>	<u>8,289</u>	<u>14,094,717</u>
Exploration costs			
Assays	106,968	-	106,968
Consulting	37,566	-	37,566
Core logging	28,823	-	28,823
Drilling	708,274	-	708,274
Exploration site	1,512	-	1,512
Field equipment	7,417	-	7,417
Field workers	34,392	-	34,392
Fuel	7,723	-	7,723
Geological	136,776	-	136,776
Geophysics	53,631	-	53,631
Salaries and benefits	307,803	-	307,803
Vehicle rental	11,151	-	11,151
	<u>1,442,036</u>	<u>-</u>	<u>1,442,036</u>
Acquisition costs			
Mining rights	126,371	-	126,371
Balance at February 28, 2017	<u>15,654,835</u>	<u>8,289</u>	<u>15,663,124</u>

(a) ***Finland***

As at February 28, 2017 the Company holds a total of 16 claims and exploration permits which have been granted, reserved or are under application in Finland.

MAWSON RESOURCES LIMITED
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5. Exploration and Evaluation Assets (continued)

(b) *Sweden*

As at February 28, 2017 the Company holds two claims in Sweden.

6. 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*

(i) During the nine months ended February 28, 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.

(ii) During fiscal 2016 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 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 \$0.30 for a period of two years expiring December 2, 2017. The Company incurred \$40,765 for legal and filing costs associated with the private placement. Directors, officers and related entities of the Company acquired 8,060,000 units of this private placement.

The Company also issued 37,500 finders units, having the same terms as the private placement units, at an ascribed value of \$7,500. The fair value of the underlying warrants to the finder's units was estimated to be \$1,500, using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.61%; expected volatility of 86.5%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2017 and February 29, 2016 and the changes for the nine months ended on those dates, is as follows:

	2017		2016	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	17,113,272	0.45	9,234,328	0.58
Issued	7,500,000	0.60	7,879,444	0.30
Expired	<u>(9,234,328)</u>	0.58	<u>-</u>	-
Balance, end of period	<u>15,378,944</u>	0.45	<u>17,113,772</u>	0.45

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6. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2017:

Number	Exercise Price \$	Expiry Date
7,878,944	0.30	December 2, 2017
<u>7,500,000</u>	0.60	December 2, 2018
<u>15,378,944</u>		

(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, 2017 the Company granted share options to purchase 4,620,000 common shares and recorded compensation expense of \$877,800. The fair value of the share options granted was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 0.53%; estimated volatility of 83%; expected life of three years; expected dividend yield of 0%; estimated forfeiture rate of 0%. The weighted average fair value of the share options granted was \$0.19 per option.

No share options were granted during the nine months ended February 28, 2016.

A summary of the Company's share options at February 28, 2017 and February 29, 2016 and the changes for the nine months ended on those dates, is as follows:

	<u>2017</u>		<u>2016</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	4,170,000	0.51	4,300,000	0.51
Granted	4,620,000	0.35	-	-
Expired	<u>(3,790,000)</u>	0.52	<u>(30,000)</u>	0.52
Balance, end of period	<u>5,000,000</u>	0.35	<u>4,270,000</u>	0.50

The following table summarizes information about the share options outstanding and exercisable at February 28, 2017:

Number	Exercise Price \$	Expiry Date
300,000	0.45	September 16, 2017
80,000	0.20	November 7, 2017
<u>4,620,000</u>	0.35	September 23, 2019
<u>5,000,000</u>		

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7. Related Party Disclosures

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

(a) *Transactions with Key Management Personnel*

During the nine months ended February 28, 2017 and February 29, 2016 the following amounts were incurred with respect to the Company's Chairman and Chief Executive Officer ("CEO"), President and Chief Financial Officer ("CFO"):

	2017 \$	2016 \$
Management fees	135,000	135,000
Professional fees	154,776	120,372
Share-based compensation	<u>342,000</u>	<u>-</u>
	<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 and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the 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 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 nine months ended February 28, 2017 and February 29, 2016 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2017 \$	2016 \$
Salaries and benefits	60,750	60,750
Professional fees	40,500	86,000
Fees and compensation	53,188	-
Share-based compensation	<u>342,000</u>	<u>-</u>
	<u>496,438</u>	<u>146,750</u>

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 and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended February 28, 2017 the Company incurred a total of \$37,200 (2016 - \$38,850) 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 (2016 - \$3,015) for rent. As at February 28, 2017, \$3,670 (May 31, 2016 - \$335) remained unpaid and has been included in accounts payable and accrued liabilities.

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(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

During the nine months ended February 28, 2017 the Company also recorded \$19,000 (2016 - \$nil) for share-based compensation for share options granted to Chase.

- (c) During the nine months ended February 28, 2017 the Company recovered \$53,738 (2016 - \$40,222) for shared office personnel and costs from public companies with common directors and officers. As at February 28, 2017, \$18,012 (May 31, 2016 - \$6,888) of the amount remained outstanding and has been included in amounts receivable.
- (d) See also Note 6(b)(ii).

8. Sale of Investment

On September 27, 2016 the Company sold 3,500,000 common shares of Hansa Resources Limited for \$140,000 and recorded a realized loss of \$575,000.

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, 2017 \$	May 31, 2016 \$
Cash	FVTPL	7,859,711	4,087,254
Amounts receivable	Loans and receivables	18,913	7,623
Investments	Available-for-sale	48,643	95,953
Accounts payable and accrued liabilities	Other liabilities	(753,969)	(246,058)

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.

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9. Financial Instruments and Risk Management (continued)

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the 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, 2017					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	7,859,711	-	-	-	7,859,711
Amounts receivable	18,913	-	-	-	18,913
Investments	-	-	48,643	-	48,643
Accounts payable and accrued liabilities	(753,969)	-	-	-	(753,969)

Contractual Maturity Analysis at May 31, 2016					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	4,087,254	-	-	-	4,087,254
Amounts receivable	7,623	-	-	-	7,623
Investments	-	-	95,953	-	95,953
Accounts payable and accrued liabilities	(246,058)	-	-	-	(246,058)

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, 2017, 1 Canadian Dollar was equal to 0.71 Euro, 6.80 SEK and 0.75 US Dollar.

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9. Financial Instruments and Risk Management (continued)

Balances are as follows:

	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	118,272	142,613	251,758	523,230
Amounts receivable	73,272	3,608	-	103,731
Accounts payable and accrued liabilities	<u>(462,424)</u>	<u>(94,838)</u>	<u>-</u>	<u>(665,249)</u>
	<u>(270,880)</u>	<u>(51,383)</u>	<u>251,758</u>	<u>(38,288)</u>

Based on the net exposures as of February 28, 2017 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 \$5,500 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, 2017 and February 29, 2016 non-cash activities were conducted by the Company as follows:

	2017 \$	2016 \$
Operating activity		
Accounts payable and accrued liabilities	<u>329,816</u>	<u>303,854</u>
Investing activity		
Exploration and evaluation assets	<u>(329,816)</u>	<u>(303,854)</u>
Financing activities		
Issuance of share capital		7,500
Share issue costs		<u>(7,500)</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 exploration and evaluation assets are located in Finland, Sweden and Australia 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.

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11. Segmented Information

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

	As at February 28, 2017			
	Canada	Sweden	Finland	Total
	\$	\$	\$	\$
Current assets	7,776,135	23,245	343,702	8,143,082
Investments	48,643	-	-	48,643
Property, plant and equipment	1,046	-	30,492	31,538
Exploration and evaluation assets	-	8,289	15,654,835	15,663,124
	<u>7,825,824</u>	<u>31,534</u>	<u>16,029,029</u>	<u>23,886,387</u>
	As at May 31, 2016			
	Canada	Sweden	Finland	Total
	\$	\$	\$	\$
Current assets	3,717,511	50,231	468,597	4,236,339
Investments	95,953	-	-	95,953
Property, plant and equipment	2,614	5,538	16,963	25,115
Exploration and evaluation assets	-	8,289	14,086,428	14,094,717
	<u>3,816,078</u>	<u>64,058</u>	<u>14,571,988</u>	<u>18,452,124</u>