

# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2008

### Background

This discussion and analysis of financial position and results of operation is prepared as at August 29, 2008, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended May 31, 2008 and 2007 of Mawson Resources Limited ("Mawson" or the "Company"). Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### Company Overview

During fiscal 2008 Mawson's common shares were approved for listing on the Toronto Stock Exchange (the "TSX"), the senior equity trading market in Canada. Trading commenced on February 12, 2008, under the symbol "MAW". Concurrently with the listing on the TSX, Mawson's common shares ceased to trade on the TSX Venture Exchange ("TSXV"). The Company also trades on the Frankfurt Stock Exchange under the trading symbol "MRV".

The Company holds or is acquiring significant uranium resources in the nuclear energy reliant countries of Spain, Sweden and Finland. As the European Union reduces its reliance on carbon-based energy sources, the Company is well placed as it develops its exploration portfolio towards the sustainable production of uranium in the shortest possible time frame.

The Company is exploring an extensive uranium portfolio of 21 projects in three European countries, including four 100% owned advanced projects.

The Company is firmly focused on the exploration and development of its advanced European uranium assets. The Company will continue to expand on its current uranium resource base through drilling, new acquisitions and potential corporate growth opportunities.

During fiscal 2008 the Company closed on the purchase, from its joint venture partner, North Atlantic Natural Resources AB ("NAN" - a subsidiary of Lundin Mining AB), the remaining equity interests in the Company's gold projects for \$250,000. On July 25, 2008, the Company completed the sale of these gold projects plus additional base metal projects to Hansa Resource Limited ("Hansa"), a publicly traded company listed on the TSXV ("HRL"). In consideration, the Company received 6,000,000 common shares of Hansa and \$250,000 cash. In addition, the Company retains a 2% NSR on all properties not included in the agreement with NAN.

### Corporate Update

Effective December 17, 2007, Mr. Gil Leathley was appointed as a director of the Company. Mr. Leathley brings over 50 years of senior experience encompassing all aspects of international mining operations. Between the periods of 1975 to 2000, Mr. Leathley was the driving force in overseeing the development of six major operating mines on behalf of Noranda Mining, Corona Resources and Homestake Mining. Strategic development included the Golden Giant, Jolu, Eskay Creek, Santa Fe, Ruby Hill and Nickel Plate mines. During his tenure, he held various senior management and operating positions, ranging from Mine Superintendent and General Manager to Senior Vice President, and Chief Operating Officer. His responsibilities included overseeing mine development and operations with work forces of up to 2,500 employees. As a noted specialist in operational economics and company finances, he also played a key leadership role in the evaluation of acquisitions and the integration of acquisitions with the various parent companies.

Effective December 19, 2007, Mr. Nick DeMare, a director of the Company since its incorporation, was appointed Chief Financial Officer of the Company.

## **Project Update**

### *Sweden*

#### **Update on Sweden and the Nuclear Cycle**

Scandinavia as a region and Sweden in particular are well endowed with uranium. The bedrock is highly enriched with uranium bearing granites and organic rich shale underlying a large proportion of the country. Uranium prospectivity is identified across a 2 billion year time window and includes many good examples of a range of uranium deposit styles, with similar geological ages and settings to major uranium provinces in Australia, Canada and Southern Africa.

The Swedish State began uranium exploration in the early 1960's through to the early 1980's. Approximately US \$45 million in dollars of the day was spent exploring for uranium with a view to self-sufficiency, ranking Sweden 20<sup>th</sup> in terms of global uranium exploration expenditure. The exploration effort was highly successful in identifying high merit uranium prospects and included the mining of 215 tonnes of U<sub>3</sub>O<sub>8</sub> from Ranstad over four years in the late 1960's. This legacy of state run exploration and the excellent capture of historic data in Sweden gave Mawson a strong head start when embarking on uranium exploration four years ago.

On a per capita basis, Sweden is the second highest uranium consuming country through its utilization of nuclear power. The first reactor was commissioned in 1964 and today approximately 50% of the country's power comes from ten nuclear reactors, the remainder being contributed by hydro power, wind power and biofuel combustion.

Currently Sweden is one of the most actively explored countries for uranium worldwide, with over 15 companies registering uranium exploration claims. The Swedish Mining Act provides a clear investment environment and allows for uranium exploration. Despite a controversial history, there is no ban on uranium mining in Sweden today and the current pro-nuclear government has stated it will review all uranium mining projects in light of the relevant legislation and environmental standards. The municipal government, where the specific project is located, retains a right of veto for uranium mining projects.

Mawson regards Scandinavia as fulfilling the prospectivity and political requirements of a risk-aware exploration company. Exploration is being undertaken in the backyard of the world's highest nuclear power consumers, with poor energy security and a long term commitment to nuclear power. Bedrock is prospective for a range of deposit types, and both Sweden and Finland have a long history of uranium exploration and mining. Through a strong and committed community presence, Mawson has gained a seat at the table to be a part of Sweden's progressing energy debate.

## **Project Update**

The Company currently has three principal uranium properties located in Sweden, the Hotagen (including the Kläppibäcken Stensjödalen, Stensjödalen South, Långvattnet and Tresjöarna uranium projects), Duobblon and Tåsjö Properties (the "Principal Properties"). In addition, the Company has a number of non-principal properties in Sweden including the Flistjärn, Åsnebogruvan, Nörr Döttern, Harrejokk and Sjaule uranium projects, the Storbodsund nickel, copper cobalt project and the Sumåssjön vanadium project. At May 31, 2008, has the Company staked 37 uranium exploration permits in Sweden covering approx. 43,820 hectares and 3 uranium exploration applications for 3,015 hectares and 7 non-uranium exploration permits (nickel and vanadium) in Sweden covering approx. 7,211 hectares

Winter drilling activities ceased during the period. Up to five drill rigs at four projects were active during the season. At Kläppibäcken, up to three drill rigs were at site where 21 holes for 4,836 metres were completed during the winter field season. At Tåsjö, 40 holes for 1,724 metres were completed, at Östra Järntjärnbäcken 7 diamond drill holes were completed for a total of 556 metres. At the Storbodsund nickel project 2 holes were drilled for 206 metres. Success of the winter drill program allowed for the calculation of a 51% increase of the indicated resource at Kläppibäcken

### **Kläppibäcken**

Winter drilling at the Kläppibäcken uranium project intersected broad high-grade uranium mineralization down dip and along strike from previously drilled mineralization, including one of the most strongly uranium mineralized intervals ever drilled in Sweden. Best results from the Kläppibäcken drill program, calculated with a lower cut-off of 0.01% uranium, included:

- **KLÄDD0807:** 38.9m at 0.16% U<sub>3</sub>O<sub>8</sub> from 236.1m;  
*including 12.1m for 0.44% U<sub>3</sub>O<sub>8</sub> from 261.9m*
- **KLÄDD0705:** 27.6 metres at 0.10% U<sub>3</sub>O<sub>8</sub> from 144.9m;  
*including 2.6m for 0.45% U<sub>3</sub>O<sub>8</sub> from 161.3m  
including 2.0m for 0.19% U<sub>3</sub>O<sub>8</sub> from 167.9m  
and 17.8m at 0.04% U<sub>3</sub>O<sub>8</sub> from 181.0m;*
- **KLÄDD0809:** 19.2m at 0.04% U<sub>3</sub>O<sub>8</sub> from 189.2m;  
*including 3.2m for 0.08% U<sub>3</sub>O<sub>8</sub> from 194.2m*
- **KLÄDD0810 :** 39.3 metres at 0.06% U<sub>3</sub>O<sub>8</sub> from 180.0m
- **KLÄDD0820 :** 8.5 metres at 0.23% U<sub>3</sub>O<sub>8</sub> from 267.0m
- **KLÄDD0818 :** 29.5 metres at 0.06% U<sub>3</sub>O<sub>8</sub> from 144.6m;  
*including 3.7 metres for 0.19% U<sub>3</sub>O<sub>8</sub> from 145.3m*

An updated resource was calculated for the Kläppibäcken uranium project following completion of the 21 hole winter drilling program. The new resource calculation is a 51% increase in measured plus indicated categories over the previous calculation as reported in a NI 43-101 technical report dated 28 February 2008. The resource, using a 0.025% uranium lower cut-off grade, is:

CATEGORY	Million Tonnes	Grade % U <sub>3</sub> O <sub>8</sub>	Contained U <sub>3</sub> O <sub>8</sub> (t)	Contained U <sub>3</sub> O <sub>8</sub> Million lbs
Measured	0.09	0.064	56	0.12
Indicated	1.85	0.077	1,429	3.15
TOTAL	1.94	0.077	1,485	3.27

The resource at Kläppibäcken occurs as a single block of mineralization which to date extends from surface to a maximum depth of 200 metres, 150 metres in strike and up to 105 metres in thickness. The deposit remains open in all directions. Kläppibäcken is an intrusive-related uranium deposit, hosted by brecciated and cataclastic granite which is strongly enriched in fluorite or hematite.

Basic metallurgical testing undertaken on Kläppibäcken samples has shown the mineralization to be easily liberated with conventional processing. Testing of two samples carried out by the Luleå Technological University in Sweden in 1983 showed excellent grindability and leachability. Kläppibäcken samples were reduced in a rod mill within 15 minutes to 175 micron size. Recovery of 97% uranium with low oxygen consumption by acid leach was achieved which is considered very promising.

Mineralization remains open with strong potential for expansion and future work will be directed at defining the immediate extensions to mineralization and testing near surface targets. Kläppibäcken forms part of Mawson's Hotagen project, where 19 drill-tested or surface sampled uranium mineralized prospects have been discovered within a five kilometre radius of Kläppibäcken.

The resource was estimated within a geologically constrained mineralized envelope; with a lower cut off of 0.025% uranium applied to resource blocks populated using the inverse distance squared method within Maptek Vulcan software. The model utilized a total of 56 holes for 8,943 metres which included 32 drill holes completed by the Swedish Geological Survey between 1983 and 1984 and 22 drill holes completed by Mawson during 2007 and 2008. Resource category classifications were defined using criteria determined during the validation of the grade estimates, with detailed consideration of the NI 43-101 and CIM categorization guidelines as shown below:

- Measured resource: blocks less than 12.5 metres from the weighted average Cartesian distance from a drill hole composite;
- Indicated resources: blocks less than 40 metres from the weighted average Cartesian distance from a drill hole composite.

Uranium from Mawson's drill holes was analyzed by the ME-XRF05 technique by ALS Chemex Ltd's laboratories in Piteå, Sweden and Vancouver, Canada, where duplicates, repeats, blanks and known standards were inserted according to standard industry practice. The resource calculation was undertaken by the consulting firm ReedLeyton Consulting Ltd of Edinburgh.

## Tåsjö

At Tåsjö, the uranium - rare earth element ("REE") - phosphate mineralized sedimentary horizons at the Bodkullarna and Onbäcken prospects were drill tested. These projects are located 6 kilometres to the north east and 8 kilometres south west of the Kronotorpet prospect respectively, where a 53 drill hole program was completed in 2007. A total of 40 holes for 1,724 metres were drilled during the winter.

Uranium mineralization was targeted from the surface to approximately 40 metres vertical depth. The drill holes reported tested the Bodkullarna ("BOD") and Onbäcken ("ON") prospects which are separated along strike by 16 kilometres. These areas are located approximately 8.5 kilometres and 7.5 kilometres to the south west and north east respectively of the Kronotorpet project. Geophysical mapping has demonstrated that all three drilled prospects lie upon a single strike continuous horizon that extends between the prospects. Mineralization was drill tested at Bodkullarna over a 1300 metre by 160 metre area, while at Onbäcken mineralization was drilled over an area of 400 metres by 160 metres. A third area, Bodkullarna East, was tested with 12 drill holes. Twenty-nine of the forty holes drilled during the program intersected the uranium horizon. It is interpreted that reported drill hole intercepts approximate the true width of mineralization.

Better results from the program are included below.

HOLE ID	FROM	TO	WIDTH (m)	U3O8 (ppm)	HOST UNIT
BODDD08001	32	38	6	132	ALUM
BODDD08003	38.9	42.7	3.8	302	LYCO
BODDD08008	33.2	37.2	4	264	LYCO
BODDD08020	18	21.3	3.3	245	LYCO
BODDD08023	6.6	10.6	4	250	LYCO
BODDD08027	5	11.3	6.3	208	LYCO
BODDD08029	18	24.6	6.6	232	LYCO
ONBDD08001	19.9	22.5	2.6	371	LYCO
ONBDD08002	19.8	35.8	16	209	LYCO
ONBDD08005	12.25	17.25	5	248	ALUM
ONBDD08007	15.4	19.6	4.2	219	LYCO

Tåsjö is a sedimentary uranium deposit where uranium mineralization is associated with concretions of carbonate-fluorapatite, which constitute up to 20% of the rock. Mass balance calculations indicate that the uranium grade of the apatite is 0.16%.

Mawson has now drill tested 3 mineralized prospects over a strike length of 16 kilometres at Tåsjö and these drill results continue to show multiple near-surface uranium horizons with accessory rare earth and phosphate. The consistency of grade, the strike extent (which is well defined by geophysics) and the shallow depth of uranium mineralization are encouraging as are the thicker zones up to 16 metres which had not previously been discovered at the project.

## Östra Järntjärnbäcken

Seven diamond drill holes were completed for a total of 556 metres at the Östra Järntjärnbäcken prospect within the Norr Döttern uranium project area in Northern Sweden. High surface radioactivity targets were the subject of the current program, where uranium mineralized boulders and outcrop were discovered in 2007. No previous bedrock drilling has been completed at the prospect. Best results are shown below:

- JTB08002: 7.0 metres @ 0.15 % U3O8 from 22 metres;
- JTB08007: 1.1 metres @ 0.11 % U3O8 from 33 metres;
- JTB08004: 2.0 metres @ 0.05 % U3O8 from 49 metres.

Mawson has granted a third party, ASX-listed Hodges Resources Ltd, the right to earn up to 51% in the project by funding work program expenditures of US\$1 million over 4 years on 4 of Mawson's earlier stage uranium projects (including Norr Döttern) in Sweden and up to 75% by fully funding any project to successful bankable feasibility. The first year minimum expenditure commitments of US\$100,000 have been met by Hodges.

The holes were located to test an area containing uranium mineralization in granitic and felsic volcanic bedrock discovered by previous Swedish Geological Survey sampling, and detailed by mapping and geochemical sampling within the last year. The drilling targeted radioactive bedrock, mineralized granite and felsic volcanic outcrop and hammer drill results over an area of approximately 100 x 200 metres.

Five of the seven drill holes intersected uranium mineralisation. Mineralized zones ranged in width from less than 1 metre up to 25 metres. Broad intervals of lower grade mineralization were characterised by hematite-epidote altered granite with radiation of 50-200 counts per second as measured with a hand held scintillometer. Higher grade intervals were associated with hematite-uranium veined zones with up to 900 counts per second. These higher grade veins were intersected in JTB08002, 004 and 007. It is interpreted that reported drill hole intercepts approximate the true width of mineralization.

This new discovery is considered very encouraging given that this is the first bedrock drilling program carried out at the prospect. Further work is proposed to understand this interesting area of near surface mineralization.

### ***Spain***

The Company holds 11 investigation permit applications for 82,056 hectares in Spain. Processing of all the investigation permits is advancing through the relevant provincial authorities with all but one permit (Cabra Baja) having achieved definitive admission ("Admisión Definitiva"), the final stage of permitting before granting.

An airborne radiometric survey is planned to cover all of Mawson's permit applications in September-October 2008.

### ***Finland***

The Company holds six claim applications for 477 hectares in Finland.

#### ***Saramäki Uranium Project***

The Company staked three claims applications within its initial claim reservations at the Saramäki prospect in October 2007. The Saramäki 1-3 uranium claim applications in the Nilsiä district of eastern central Finland. These claim applications cover 200 hectares.

Saramäki was discovered by private prospectors in 1963, when radioactive outcrops and boulders were located within a five kilometre long northeast-southwest trending magnetic anomaly. Follow up work by Outokumpu Oy included various geophysical and geochemical methods, including 1,425 rock chip samples which averaged 0.009% U<sub>3</sub>O<sub>8</sub> from 131 pits within a 4000 metre x 200 metre area.

The radioactive outcrops were drill tested with eight diamond drill holes by both the Outokumpu Oy and the Geological Survey of Finland between 1965 and 1977. The uranium mineralized horizon was intersected in each drill hole. Mawson has access to all publicly available exploration data and drill core from the Geological Survey of Finland and Outokumpu. Historic drill intersections included:

M19/52/3333/77/R304:	21.9m @ 0.04% U <sub>3</sub> O <sub>8</sub> from 82m, including 3.9m @ 0.05% U <sub>3</sub> O <sub>8</sub> and 4.4m @ 0.08% U <sub>3</sub> O <sub>8</sub> ;
Mv/Te-1:	5.6m @ 0.07% U <sub>3</sub> O <sub>8</sub> from 62m, including 2.8m @ 0.10% U <sub>3</sub> O <sub>8</sub>

Uranium at Saramäki is hosted within a breccia along a 4,000 metre long and up to 200 metre wide apatite bearing gneiss and is similar in style to uranium mineralization at Mawson's 100%-owned claim application Nuottijärvi 1, located 150 kilometres away. During summer 2007 field programs, Mawson conducted ground scintillometer traverses which confirmed the scale and size of the uranium mineralized magnetic trend.

### *Nuottijärvi Uranium Project*

In February 2007, the Company staked the Nuottijärvi uranium project in central Finland, one of that nation's largest known uranium deposits.

The Company's 100%-owned claim application "Nuottijärvi 1" is approximately 100 hectares in size and has been confirmed to hold priority by the Finnish state mining authority, the Ministry of Trade & Industry (MTI).

Nuottijärvi was identified in 1959 from the discovery of a radioactive outcrop, and was followed up with various geochemical and geophysical methodologies, with drill testing by Outokumpu Oy between 1965 and 1969. The Company gained access to all previous publicly available exploration data and drill core from the Geological Survey of Finland and Outokumpu Oy. Better drill intersections included:

PLT-NU-017:	40.7m for 0.08% U <sub>3</sub> O <sub>8</sub> from 59.9m;
PLT-NU-011:	33.4m for 0.06% U <sub>3</sub> O <sub>8</sub> from 17.8m, <i>including</i> 3.8m @ 0.13% U <sub>3</sub> O <sub>8</sub> ;
PLT-NJ-033:	40.3m for 0.05% U <sub>3</sub> O <sub>8</sub> from 23.0m;
PLT-NU-004:	179.8m for 0.04% U <sub>3</sub> O <sub>8</sub> from 18.1m

Uranium at Nuottijärvi is present as uraninite associated with fluorapatite, within a 40-metre wide mineralized breccia, hosted by a carbonate-apatite horizon at the contact between quartzite and graphite-bearing phyllite.

In 1969, Outokumpu Oy reported a historical resource at Nuottijärvi of 2.9 million tonnes at 0.044% U<sub>3</sub>O<sub>8</sub> (2.9 million pounds of U<sub>3</sub>O<sub>8</sub>) based on 43 diamond drill holes for 6,679 metres, drilled on a 50-metre-by-50-metre drill pattern. The mineralized body is approximately 40 metres in thickness, extends from surface to a vertical depth of 80 metres, trends over a strike length of more than 400 metres, and remains open along strike and at depth.

The historical resource estimates quoted above are based on a report titled "Paltamo Nuoti Resource Calculation" by Aarto Huhma in 1969 of Outokumpu Oy. The resource was calculated using a polygonal method and is roughly analogous to CIM definitions "Indicated" and "Inferred". Data is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. Mawson has not completed sufficient exploration to verify the estimates. Mawson is not treating them as National Instrument defined resources or reserves verified by a Qualified Person, and the historical estimate should not be relied upon. The Company does not have, and is not aware of, any more recent resource estimates that conform to the standards set out in National Instrument 43-101.

### *Mustamaa Uranium Project*

The Mustamaa uranium claim application is located in the Tervola district of Northern Finland. The Mustamaa 1 claim application is approximately 100 hectares in size.

Uranium mineralization was first discovered at Mustamaa in 1978 by Rautaruukki Oy, during the ground follow up of a regional airborne radiometric survey. Rautaruukki Oy completed detailed outcrop and boulder mapping, applied various geophysical methodologies and assayed 26 radiometric boulders ranging from 0.01% uranium oxide ("U<sub>3</sub>O<sub>8</sub>") to 0.26% U<sub>3</sub>O<sub>8</sub> and 0.7% phosphate ("P<sub>2</sub>O<sub>5</sub>) and 22.6% P<sub>2</sub>O<sub>5</sub> and averaging 0.065 % U<sub>3</sub>O<sub>8</sub> and 7.0% P<sub>2</sub>O<sub>5</sub>.

In 1979, Rautaruukki Oy identified a uranium mineralized horizon, which was drill tested with 13 diamond drill holes. Holes were spaced along a 500 metre strike and intersected a uranium horizon which remains open both along strike and at depth. Mawson has access to all previous publically available exploration data and drill core from the Geological Survey of Finland and Outokumpu Oy. Better drill intersections included:

- R13: 55.4m @ 0.03% U<sub>3</sub>O<sub>8</sub> from 104m,  
*including* 4.1m @ 0.08% U<sub>3</sub>O<sub>8</sub> from 120m
- R10: 18.1m @ 0.03% U<sub>3</sub>O<sub>8</sub> from 65m,  
*including* 8.4m @ 0.04% U<sub>3</sub>O<sub>8</sub> from 73m

Uranium at Mustamaa is locally hosted by a breccia unit. The breccia is contained within greater than 500 metre long and up to 40 metre wide apatite bearing dolomite horizon. Mineralization is developed both within dolomite, and intercalated chlorite schist. The style of uranium mineralization is similar to Mawson's 100% owned Nuottijärvi 1 claim application, located 260 kilometres to the south east.

#### *Other Uranium Projects*

The Company also staked the Paukkanjanvaara 1 claim in February 2007.

#### *Future Developments*

The Company has an active summer field program ongoing in the Hotagen area of Sweden and updated results will be made available shortly.

The Company has a strong community relations program ongoing in Spain where permitting is progressing.

### **Non Uranium Properties - Sweden**

#### **Storbodsund - Nickel**

Mawson had an agreement with Independence Group NL ("IGO"), an ASX listed company, to earn a 70% interest in their Storbodsund Project in Sweden. Government reports indicate that five historic holes intersected mineralization averaging 2.3% Ni and 0.6% Cu over thicknesses of 0.6 to 2.7m.

IGO completed an airborne electro-magnetic ("EM") survey in late 2006, totaling 659 line kilometers, was flown at 100m line spacings over the entire project area to detect bedrock conductors beneath shallow cover potentially representing nickel-copper sulphide mineralization. A total of 16 conductive responses were mapped in the survey data. Two of these conductors correspond with zones of known mineralisation confirming the effectiveness of the survey. A field check of the remaining 14 conductors indicates that four are likely due to cultural effects, with the balance remaining unexplained and potentially representing mineralisation. Two of the unexplained conductors are directly along strike and within 900m of the known mineralisation at Storbodsund. In total five anomalies, including the known prospect area, were identified along a 2.5 kilometre linear feature.

During the reporting period IGO drill-tested the two highest ranked EM conductors located about 300m east and 900m northeast of the historic prospect area with two diamond holes, STD103 and STD104 for a total of 206m. Both holes intersected near surface nickel sulphide mineralization with a similar tenor to historic results, as follows:

- Hole STD103 - 0.5m @ 0.5% Ni and 2.3% Cu
- Hole STD104 - 2.0m @ 1.8% Ni and 0.5% Cu

Both holes were tested by a down-hole EM survey to confirm that the holes intersected the target conductors and to test for off-hole conductors. An initial assessment of the results indicates that hole STD104 intersected the main target, but STD103 did not and may warrant follow-up drilling.

IGO withdrew from the Storbodsund JV in early July 2008 as it was believed that the project did not host a target of size sought by IGO. A total of AUS \$395,684 was spent by IGO on the project and consequently IGO did not earn any equity in the project.

Footwall rocks to the mineralized zone consist of mixed metarhyolite and granite. A gabbro that hosts fragments of assimilated metarhyolite and granite forms the hanging wall. Mawson has secured the outcrop and drilled areas, plus an additional 20 kilometre trend of the gabbro which is host to mineralization. The setting is geologically analogous and age equivalent to Inco's world-class Voisey's Bay Nickel Project in Labrador, Canada.

Given the style of near surface mineralization, drilled at intervals over a 2.5 kilometre strike and the high grade, multi-commodity mineralization, Mawson will review the project data produced by IGO, including the regional airborne EM, ground EM and drilling data to determine how further value can be created from the project. Mawson

controls 6,960 hectares within three permit areas over the prospective magnetic complex that hosts the Storbodasund mineralization.

### Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

The qualified person for Mawson's projects, Mark Saxon, Mawson's VP-Exploration, Director and a member of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

### Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended May 31,		
	2008 \$	2007 \$	2006 \$
<b>Operations:</b>			
Revenues	Nil	Nil	Nil
Expenses	(1,611,993)	(3,429,834)	(1,515,161)
Other items	(443,505)	370,093	31,130
Net income (loss)	(2,055,498)	(3,059,741)	(1,484,031)
Basic and diluted income (loss) per share	(0.06)	(0.10)	(0.08)
Dividends per share	Nil	Nil	Nil
<b>Balance Sheet:</b>			
Working capital	13,890,395	16,342,362	8,925,959
Total assets	19,156,002	20,667,308	10,991,315
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2008				Fiscal 2007			
	May 31 2008 \$	Feb 29 2008 \$	Nov 30 2007 \$	Aug 31 2007 \$	May 31 2007 \$	Feb 28 2007 \$	Nov 30 2006 \$	Aug 31 2006 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(272,478)	(437,061)	(562,795)	(339,659)	(2,083,764)	(530,336)	(224,603)	(591,131)
Other items	(946,653)	146,664	193,652	162,832	147,679	61,284	116,822	44,308
Net income (loss)	(1,219,131)	(290,397)	(369,143)	(176,827)	(1,936,085)	(469,052)	(107,781)	(546,823)
Basic and diluted loss per share	(0.03)	(0.01)	(0.01)	(0.00)	(0.06)	(0.02)	(0.00)	(0.02)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	13,890,395	13,979,845	14,870,000	15,694,641	16,342,362	17,210,627	7,915,700	8,488,907
Total assets	19,156,002	20,078,388	20,305,960	20,544,237	20,667,308	20,763,728	11,031,635	11,015,708
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Results of Operations

#### *Three Months Ended May 31, 2008 Compared to Three Months Ended May 31, 2007*

During the three months ended May 31, 2008 (the "2008 Quarter") the Company reported a net loss of \$1,219,131, compared to a net loss of \$1,936,085 for the three months ended May 31, 2007 (the "2007 Quarter"), a decrease in loss



of \$716,954. The primary factor for the overall decrease was the recognition of non-cash stock based compensation of \$1,728,025 during the 2007 Quarter compared to \$10,700 during the 2008 Quarter, which was partially offset by the write-down of unproven mineral interests held for sale of \$1,117,794.

*Year Ended May 31, 2008 Compared to Year Ended May 31, 2007*

During fiscal 2008 the Company reported a net loss of \$2,055,498 (\$0.06 per share), a decrease of \$1,004,243 from the net loss of \$3,059,741 (\$0.10 per share) for fiscal 2007. The decrease in loss was mainly attributed to the \$2,378,375 reduction in the recognition of stock based compensation of \$2,555,275 in fiscal 2007 versus \$176,900 in fiscal 2008 and partially offset by the write-down of unproven mineral interests of \$1,117,794.

Total expenses decreased by \$1,817,841 from \$3,429,834 during fiscal 2007 period to \$1,611,993 during fiscal 2008. Specific expenses of note during fiscal 2008 are as follows:

- incurred \$27,200 (2007 - \$25,650) for accounting and administration services charged by Chase Management Ltd. (“Chase”), a private corporation controlled by Mr. Nick DeMare, a director of the Company;
- incurred general exploration expenditures of \$345,379 (2007 - \$284,983) relating to ongoing costs of the Company’s exploration office in Sweden. Fluctuations in general exploration expenses is mainly affected by allocations to direct property costs;
- incurred corporate development costs of \$24,348 (2007 - \$50,655) for promotional materials, coverage of the Company in industry publications and newsletters and participation in investment conferences;
- incurred \$164,863 for travel expenses (2007 - \$160,061), primarily for ongoing travel between Canada/Europe/Australia by the Company’s President and Vice-President of Exploration to oversee the Company’s expanded property acquisitions and exploration programs;
- incurred legal fees of \$82,569 (2007 - \$14,972), primarily for services in preparing and reviewing property agreements and the Company’s application to upgrade its common share listing to the TSX Exchange;
- incurred shareholder costs of \$31,752 (2007 - \$12,898) due to increased news dissemination activities in Canada, USA and Europe;
- the Company has retained Mr. Nick Nicolaas to provide market awareness and investor relation activities. Mr. Nicolaas is paid a monthly fee of \$5,000 through his company, Mining Interactive Corp. During fiscal 2008, the Company paid \$62,000 (2007 - \$46,000). In addition to Mr. Nicolaas’ services during fiscal 2007, the Company had retained Pascal Geraths Gesellschaft Für Presse (“Pascal Geraths”) to provide market awareness and investor relation activities in Europe. Pascal Geraths was paid a monthly fee of € 7,500. During fiscal 2007, the Company paid Pascal Geraths \$21,834. The Company did not retain Pascal Geraths during fiscal 2008;
- incurred due diligence and related costs of totalling \$199,579 for the investigation of a potential property acquisition in Africa. The Company has determined not to pursue this opportunity;
- incurred audit fees of \$28,752 (2007 - \$1,894). The increase in audit fees is a result of the timing of the finalization of the billings of the audit conducted on the Company’s year-end financial statements. During fiscal 2007, the recorded audit fees were lower due to the change in the basis for recording audit fees;
- paid \$144,078 (2007 - \$130,205) to consultants for professional services and general financing services. The Company also reimbursed \$12,000 (2007 - \$12,000) to Tumi Resources Limited, a public company with common directors, for shared administration and other costs;
- incurred \$258,000 (2007 - \$192,000) for management and professional fees charged through Sierra Peru Pty (“Sierra”) for remuneration of Mr. Michael Hudson, the Company’s President and CEO, and Mr. Mark Saxon, the Company’s Vice-President of Exploration. The Company capitalized \$112,415 (2007 - \$132,313) to unproven mineral interests and expensed \$145,585 (2007 - \$59,687) as management fees;
- the Company granted 165,000 (2007 - 2,440,000) stock options and recorded non-cash stock-based compensation expense of \$85,000 (2007 - \$2,364,600), in addition the Company recorded \$91,900 (2007 - \$190,675) compensation expense relating to the vesting of stock options which had been granted in prior periods;
- recorded depreciation of \$50,202 (2007 - \$7,674) on capital assets; and
- incurred regulatory fees of \$89,099 (2007 - \$14,872) primarily for upgrading its listing to the TSX Exchange.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no revenue. Interest income is generated from cash held with the Company’s financial institution. During fiscal 2008, the Company reported interest and other income of \$603,479 as compared to \$438,439 during fiscal 2007. The increase is attributed to higher levels of cash held during fiscal 2008 as a result of financings conducted during fiscal 2007.

During fiscal 2008, the Company spent a total of \$3,376,705 (2007 - \$2,002,386) on acquisition costs and exploration activities on its unproven mineral interests. In total, the Company spent \$2,958,614 on its Uranium Projects and \$418,091 on its other projects. Details of the exploration activities conducted in fiscal 2008 are described in "Exploration Projects" in this MD&A. On July 25, 2008, the Company completed the sale of the majority of its non-uranium mineral properties to Hansa Resources Ltd. ("Hansa"). During fiscal 2008, the Company reclassified these mineral properties as "Unproven Mineral Interests Held for Sale" and recorded a write-down of \$1,117,794 to reflect the estimated fair value of the consideration as at May 31, 2008.

### **Financial Condition / Capital Resources**

As at May 31, 2008, the Company had working capital of \$13,890,395. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration programs 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. In the event that the occasion arises, 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**

The Company has no proposed transactions.

### **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the May 31, 2008 audited consolidated financial statements.

### **Changes in Accounting Policies**

#### *Financial Instruments*

Effective June 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation and Section 3865, Hedges. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the financial statements. Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification.

Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the

effective interest method. Gains and losses upon inception, derecognition, impairment write downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

Upon adoption of this new standard the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

### ***New Accounting Pronouncements***

#### *Assessing Going Concern*

The Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

#### *Financial Instruments*

The AcSB issued CICA Handbook Section 3862, Financial Instruments - Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments - Recognition and Measurement, Section 3863, Financial Instruments - Presentation, and Section 3865, Hedges. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, Financial Instruments - Presentation, which is to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and nonfinancial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

#### *Capital Disclosures*

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity’s capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The Company is currently assessing the impact of the above new accounting standards on the Company’s financial position and results of operations.

### ***International Financial Reporting Standards (“IFRS”)***

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **Transactions with Related Parties**

During fiscal 2008, the Company:

- i) incurred a total of \$96,600 (2007 - \$37,650) for accounting, administration, professional fees and rent provided by certain directors of the Company;
- ii) incurred \$258,000 (2007 - \$192,000) for management and professional fees provided by Sierra Peru, of which \$112,415 (2007 - \$132,313) was capitalized to unproven mineral interests and \$145,585 (2007 - \$59,687) charged to management fees;
- iii) incurred \$12,000 (2007 - \$12,000) for shared administration and other costs with Tumi Resources Limited (“Tumi”), a public company with common directors and officer; and
- iv) was reimbursed \$50,721 (2007 - \$nil) for shared office personnel from Tumi.

As at May 31, 2008, \$21,400 (2007 - \$34,834) was outstanding to the related parties and was included in accounts payable and accrued liabilities.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **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 is in compliance in all material regulations applicable to its exploration activities. 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 Sweden and Spain 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.

## **Investor Relations Activities**

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website ( [www.mawsonresources.com](http://www.mawsonresources.com) ) on a continuous basis. Effective November 1, 2004, the Company retained Mr. Nick Nicolaas to provide market awareness and investor relations activities. Mr. Nicolaas’ services are provided through his company, Mining Interactive Corp. The Company pays \$5,000 per month for such services and during fiscal 2008, the Company paid a total of \$62,000 (2007 - \$46,000). The arrangement may be cancelled by either party on 15 days notice.

Effective November 1, 2005, the Company entered into an agreement with Pascal Geraths Gesellschaft Fur Presse (“Pascal Geraths”) to provide market awareness and investor relations activities in Europe. Pascal Geraths was paid a monthly fee of € 7,500. During fiscal 2007, the Company incurred \$21,834 for services provided by Pascal Geraths.

## **Outstanding Share Data**

The Company’s authorized share capital is unlimited common shares without par value. As at August 29, 2008, there were 36,500,555 issued and outstanding common shares. In addition, there were 3,613,250 stock options outstanding, at exercise prices ranging from \$0.40 to \$2.10 per share, and 2,299,999 warrants outstanding, at exercise prices ranging from \$1.50 to \$2.75 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 has concluded that the Company's disclosure controls and procedures, as defined in Multilateral 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. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. 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. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

## **Internal Controls and Procedures over Financial Reporting**

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.