MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2012

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

	Note	November 30, 2012 $	May 31, 2012 $
ASSETS			
Current assets			
Cash	5	8,403,764	7,351,494
Amounts receivable	6	89,043	153,039
Prepaid expenses and deposits		94,120	83,121
Total current assets		8,586,927	7,587,654
Non-current assets			
Investments	7	314,150	358,000
Property, plant and equipment	8	258,748	264,900
Exploration and evaluation assets	9	6,392,895	4,900,923
Total non-current assets		6,965,793	5,523,823
TOTAL ASSETS		15,552,720	13,111,477
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		640,286	779,961
TOTAL LIABILITIES		640,286	779,961
SHAREHOLDERS' EQUITY			
Share capital	10	32,013,361	28,176,662
Share-based payments reserve		5,162,917	5,128,417
Deficit		(21,740,744)	(20,498,063)
Accumulated other comprehensive loss		(523,100)	(475,500)
TOTAL SHAREHOLDERS' EQUITY		14,912,434	12,331,516
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,552,720	13,111,477

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 10, 2013 and are signed on its behalf by:

/s/ ***Michael Hudson***	/s/ ***Nick DeMare***
Michael Hudson	Nick DeMare
Director	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 November 30 2012 $	Three Months Ended November 30 2011 $	Six Months Ended November 30 2012 $	Six Months Ended November 30 2011 $
Expenses					
Accounting and administration		29,474	32,200	55,074	57,400
Audit		57,835	25,978	66,035	42,615
Corporate development		18,808	39,027	55,669	78,488
Depreciation		8,698	14,927	16,610	29,614
General exploration		136,096	95,213	280,031	188,016
Investor relations		19,500	10,500	39,000	21,000
Legal		50,560	45,551	108,236	48,142
Management fees		40,500	40,500	81,000	81,000
Office and sundry		77,264	68,420	110,748	109,816
Professional fees		59,399	41,191	118,845	92,587
Regulatory fees		4,769	4,487	26,284	19,389
Rent		13,391	5,811	25,541	21,386
Salaries and benefits		34,130	74,556	66,172	139,651
Shareholder costs		4,119	2,598	8,980	4,100
Share-based compensation	10(d)	-	-	41,000	299,200
Transfer agent		1,787	1,509	3,628	2,990
Travel		65,086	100,994	140,462	146,478
Vehicle rental and fuel		28,133	-	51,682	-
		649,549	603,462	1,294,997	1,381,872
Loss before other items		(649,549)	(603,462)	(1,294,997)	(1,381,872)
Other items					
Interest and other income		41,042	34,406	63,449	81,288
Impairment of exploration and evaluation assets	9	-	(21,810)	-	(21,810)
Foreign exchange		(697)	(7,708)	(14,883)	(33,404)
Unrealized loss on held-for-trading investments		(1,350)	(12,100)	(2,850)	(48,100)
		38,995	(7,212)	45,716	(22,026)
Loss before deferred income tax		(610,554)	(610,674)	(1,249,281)	(1,403,898)
Deferred income tax		(5,400)	500	6,600	(40,500)
Net loss for the period		(615,954)	(610,174)	(1,242,681)	(1,444,398)
Other comprehensive loss, net of deferred income tax		(131,600)	(2,000)	(47,600)	(116,000)
Comprehensive loss for the period		(747,554)	(612,174)	(1,290,281)	(1,560,398)
Basic and diluted loss per common share		$(0.01)	$(0.01)	$(0.02)	$(0.03)
Weighted average number of common shares outstanding		54,291,585	51,670,864	53,262,697	51,660,392

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)

	Six Months Ended November 30, 2012					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at May 31, 2012	52,224,253	28,176,662	5,128,417	(20,498,063)	(475,500)	12,331,516
Common shares issued for:						
Cash - exercise of share options	10,000	8,200	-	-	-	8,200
Cash - exercise of warrants	3,747,058	3,821,999				3,821,999
Share-based compensation	-	-	41,000	-	-	41,000
Transfer to common shares on exercise of share options	-	6,500	(6,500)	-	-	-
Unrealized gain on available-for-sale investments	-	-	-	-	(54,200)	(54,200)
Deferred income tax on unrealized gain on available-for-sale investments	-	-	-	-	6,600	6,600
Net loss for the period	-	-	-	(1,242,681)	-	(1,242,681)
Balance at November 30, 2012	55,981,311	32,013,361	5,162,917	(21,740,744)	(523,100)	14,912,434

	Six Months Ended November 30, 2011					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at May 31, 2011	51,645,753	31,913,205	4,907,116	(14,828,398)	(147,500)	21,844,423
Common shares issued for:						
Cash - exercise of share options	35,000	28,700	-	-	-	28,700
Share-based compensation	-	-	299,200	-	-	299,200
Transfer to common shares on exercise of share options	-	22,750	(22,750)	-	-	-
Unrealized loss on available-for-sale investment	-	-	-	-	(156,500)	(156,500)
Deferred income tax on unrealized loss on available-for-sale investments	-	-	-	-	40,500	40,500
Net loss for the period	-	-	-	(1,444,398)	-	(1,444,398)
Balance at November 30, 2011	51,680,753	31,964,655	5,183,566	(16,272,796)	(263,500)	20,611,925

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)

	Six Months Ended November 30, 2012 $	Six Months Ended November 30, 2011 $
Operating activities		
Net loss for the period	(1,242,681)	(1,444,398)
Adjustments for:		
Depreciation	16,610	29,614
Share-based compensation	41,000	299,200
Unrealized loss on held-for-trading investments	2,850	48,100
Impairment of exploration and evaluation assets	-	21,810
Deferred income tax	(6,600)	40,500
	(1,188,821)	(1,005,174)
Changes in non-cash working capital items:		
Decrease in amounts receivable	63,996	43,669
(Increase) decrease in prepaid expenses and deposits	(10,999)	30,082
(Decrease) increase in accounts payable and accrued liabilities	(118,058)	144,147
	(65,061)	217,898
Net cash used in operating activities	(1,253,882)	(787,276)
Investing activities		
Expenditures on exploration and evaluation assets	(1,513,589)	(1,645,329)
Additions to property, plant and equipment	(10,458)	(8,395)
Net cash provided used in investing activities	(1,524,047)	(1,653,724)
Financing activity		
Issuance of share capital	3,830,199	28,700
Net cash provided by financing activities	3,830,199	28,700
Net change in cash	1,052,270	(2,412,300)
Cash at beginning of period	7,351,494	12,967,129
Cash at end of period	8,403,764	10,554,829

Supplemental cash flow information - See Note 13

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

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 November 30, 2012 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

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

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

The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

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

(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Presentation

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

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

3. Significant Accounting Policies

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

4. Subsidiaries

As at November 30, 2012 and May 31, 2012 the subsidiaries of the Company were:

Company	Location of Incorporation	Ownership Interest
Mawson AB	Sweden	100%
Mawson Oy	Finland	100%
Kay Metals Ltd.	Barbados	100%

5. Cash

	November 30, 2012 $	May 31, 2012 $
Cash on hand	3,906,275	1,591,169
Demand deposits	4,497,489	5,760,325
	8,403,764	7,351,494

6. Amounts Receivable

	November 30, 2012 $	May 31, 2012 $
HST receivable	18,353	63,717
Foreign value added taxes receivables	52,992	68,251
Other	17,698	21,071
	89,043	153,039

(Unaudited - Expressed in Canadian Dollars)

7. Investments

	As at November 30, 2012				
	Number	Cost $	Accumulated Compre-hensive Loss $	Accumulated Gain $	Carrying Value $
Available-for-sale investments:					
Common shares					
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(417,500)	-	297,500
Tumi Resources Limited ("Tumi")	300,000	45,000	(28,500)	-	16,500
Held-for-trading investments:					
Warrants					
Tumi	300,000	-	-	150	150
		760,000	(446,000)	150	314,150

	As at May 31, 2012				
	Number	Cost $	Accumulated Compre-hensive Loss $	Accumulated Gain $	Carrying Value $
Available-for-sale investments:					
Common shares					
Hansa	3,500,000	715,000	(382,500)	-	332,500
Tumi	300,000	45,000	(22,500)	-	22,500
Held-for-trading investments:					
Warrants					
Tumi	300,000	-	-	3,000	3,000
		760,000	(405,000)	3,000	358,000

(a) As at November 30, 2012 the quoted market value of the 3,500,000 common shares of Hansa was $297,500.

(b) In March 2009 the Company purchased 300,000 units of Tumi at a cost of $45,000. Each unit comprised one common share and one share purchase warrant, with each warrant originally entitling the Company to purchase an additional common share at an exercise price of $0.25 per share expiring on March 25, 2012. During fiscal 2012 the expiry date of the Tumi warrants was extended to March 25, 2013. The Company may be forced to exercise the warrants if the common shares trade at a weighted average price of $0.40 per common share for a period of 20 consecutive trading days. At the time of purchase the Company assigned a $45,000 fair value to the common shares and $nil fair value to the warrants.

As at November 30, 2012 the quoted market value of the 300,000 common shares of Tumi was $16,500 and the fair value of the Tumi warrants was determined to be $150, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 128%; a risk-free interest rate of 1%; and an expected life of four months.

(Unaudited - Expressed in Canadian Dollars)

8. Property, Plant and Equipment

Cost:	Condominium $	Office Furniture and Equipment $	Field Equipment $	Vehicles $	Total $
Balance at May 31, 2011	248,450	106,945	33,689	158,504	547,588
Additions	-	11,158	-	-	11,158
Disposals	-	(86,569)	(13,740)	-	(100,309)
Balance at May 31, 2012	248,450	31,534	19,949	158,504	458,437
Additions	-	10,458	-	-	10,458
Write-off	-	(12,248)	-	-	(12,248)
Balance at November 30, 2012	248,450	29,744	19,949	158,504	456,647

Accumulated Depreciation:	Condominium $	Office Furniture and Equipment $	Field Equipment $	Vehicles $	Total $
Balance at May 31, 2011	(5,176)	(57,426)	(18,894)	(120,156)	(201,652)
Depreciation	(12,424)	(21,970)	(5,033)	(22,092)	(61,519)
Disposals	-	62,659	6,975	-	69,634
Balance at May 31, 2012	(17,600)	(16,737)	(16,952)	(142,248)	(193,537)
Depreciation	(6,212)	(5,586)	(2,318)	(2,494)	(16,610)
Write-off	-	12,248	-	-	12,248
Balance at November 30, 2012	(23,812)	(10,075)	(19,270)	(144,742)	(197,899)

Carrying Value:	Condominium $	Office Furniture and Equipment $	Field Equipment $	Vehicles $	Total $
Balance at May 31, 2011	243,274	31,354	3,361	67,947	345,936
Balance at May 31, 2012	230,850	14,797	2,997	16,256	264,900
Balance at November 30, 2012	224,638	19,669	679	13,762	258,748

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and Evaluation Assets

	Finland	Sweden		Peru	
	Gold Projects $	Uranium Projects $	Other Projects $	Gold/Copper Projects $	Total $
Balance at May 31, 2011	2,882,494	4,209,283	7,191	685,530	7,784,498
Exploration costs					
Assays	113,474	-	-	7,858	121,332
Consulting	563,320	-	-	85,955	649,275
Database	197	-	-	-	197
Drilling	610,465	-	-	-	610,465
Environmental	-	-	-	14,220	14,220
Exploration site	117,969	1,134	-	85,639	204,742
Field equipment	43,279	-	-	-	43,279
Field workers	-	-	-	5,757	5,757
Fuel	11,350	-	-	8,018	19,368
Geochemical	146,205	-	-	-	146,205
Geological	287,848	-	-	19,487	307,335
Maps	3,627	-	-	306	3,933
Salaries and benefits	333,267	-	-	275,309	608,576
Travel	9,515	-	-	24,582	34,097
VAT	-	-	-	43,004	43,004
Vehicle rental	43,775	-	-	15,780	59,555
	2,284,291	1,134	-	585,915	2,871,340
Acquisition costs					
Mining rights	-	-	-	131,168	131,168
Permits	60,413	14,500	-	-	74,913
	60,413	14,500	-	131,168	206,081
Disposal (Note 9(a))	(327,594)	(4,204,372)	(4,607)	-	(4,536,573)
Spin-out (Note 9(b))	-	-	-	(1,402,613)	(1,402,613)
Write-offs (Note 9(c))	(10,162)	(9,064)	(2,584)	-	(21,810)
Balance at May 31, 2012	4,889,442	11,481	-	-	4,900,923
Exploration costs					
Assays	239,293	-	-	-	239,293
Consulting	66,168	-	-	-	66,168
Database	-	2,634	-	-	2,634
Drilling	29,275	-	-	-	29,275
Exploration site	42,384	1,859	-	-	44,243
Field equipment	19,239	-	-	-	19,239
Field workers	106,569	-	-	-	106,569
Geological	371,380	7,396	-	-	378,776
Logging	70,401	-	-	-	70,401
Maps	31,875	4,141	-	-	36,016
Salaries and benefits	115,242	20,841	-	-	136,083
Travel	5,878	7,713	-	-	13,591
Vehicle rental	2,318	1,390	-	-	3,708
	1,100,022	45,974	-	-	1,145,996
Acquisition costs					
Mining rights	261,680	-	-	-	261,680
Permits	-	84,296	-	-	84,296
	261,680	84,296	-	-	345,976
Balance at November 30, 2012	6,251,144	141,751	-	-	6,392,895

9. Exploration and Evaluation Assets (continued)

(a) On February 29, 2012 the Company completed the sale of its wholly-owned Swedish subsidiary, T&M Resources AB ("T&M"), which was incorporated to hold the non-core mineral interests of the Company, comprising the Hotagen, Duobblon, Kapell and Aronsjö projects in Sweden and the Riutta, Asento and Nuottijärvi projects in Finland (collectively the "Uranium Assets"). Under the sale agreement, European Uranium (formerly Tournigan Energy Ltd.) purchased T&M for consideration of 10,727,969 common shares of European Uranium, at a fair value of $4,536,573. The Company subsequently recorded a $2,015,500 impairment of its investment in the common shares of European Uranium to reflect the fair value of $2,521,073 prior to the distribution under the Plan of Arrangement.

(b) Mawson Peru also held option agreements with the shareholders of Altynor Peru whereby the Company could acquire a 100% ownership interest in Altynor Peru by making payments totalling US $600,000, of which US $50,000 has been paid and US $550,000 is payable on receipts of permits to drill. Altynor Peru holds an option to purchase a 100% undivided interest in nine exploration permits (the "Alto Quemado Property") from Alto Quemado Mining Company S.A.C. On February 27, 2012 the Company transferred all of the outstanding shares of Mawson Peru and its option to earn a 100% interest in Altynor Peru to Darwin, which formed part of the distribution under the Plan of Arrangement.

(c) As at November 30, 2012 the Company maintained the following:

(i) ***Finland***

On April 30, 2010 the Company entered into a purchase and sale agreement with Areva Resources Finland OY ("Areva Finland"), whereby the Company paid $1,403,956 to purchase 170 claims or claim applications in Finland. The Company also holds or has made claim applications in various areas of Finland.

During the six months ended November 30, 2011 the Company surrendered certain claims in Finland and recorded an impairment charge of $10,162 in acquisition costs and exploration expenditures.

As at November 30, 2012 the Company holds a total of 834 claims and has seven claim applications in Finland.

(ii) ***Sweden***

Uranium Properties

The Company has made claim applications in Sweden. As at November 30, 2012 the Company has nine claim applications.

During the six months ended November 30, 2011 the Company surrendered certain uranium claims in Sweden and recorded an impairment charge of $9,064 in acquisition costs and exploration expenditures.

During fiscal 2009 the Company and Hodges entered into an option and joint venture agreement whereby Hodges issued 1,000,000 common shares of its share capital to the Company, at a fair value of $50,317, and incurred US $550,000 to earn a 51% interest in eight exploration permits. Hodges may increase its interest to 75% by funding a bankable feasibility study.

(Unaudited - Expressed in Canadian Dollars)

9. Exploration and Evaluation Assets (continued)

Other Properties

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

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

During six months ended November 30, 2011 the Company surrendered certain base metal exploration permits in Sweden and recorded an impairment charge of $2,584 in acquisition costs and exploration expenditures.

10. Share Capital

(a) *Authorized Share Capital*

As at November 30, 2012 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

Common shares issued:	**Number of Shares**	**Amount $**
Balance at May 31, 2011	51,645,753	31,913,205
Shares issued for cash		
Exercise of share options	553,500	319,020
Exercise of warrants	25,000	30,000
Transfer to common shares on exercise of share options	-	235,149
Return of capital on Spin-Out (Note 1)	-	(4,320,712)
Balance at May 31, 2012	52,224,253	28,176,662
Shares issued for cash		
Exercise of share options	10,000	8,200
Exercise of warrants	3,747,058	3,821,999
Transfer to common shares on exercise of share options	-	6,500
Balance at November 30, 2012	55,981,311	32,013,361

(Unaudited - Expressed in Canadian Dollars)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2012 and 2011, and the changes for the six months ended on those dates, is as follows:

	2011		2010	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	8,797,137	0.93	7,537,012	1.09
Exercised	(3,747,058)	1.02	-	-
Expired	(129,412)	1.02	-	-
Balance, end of period	4,920,667	0.857	7,537,012	1.09

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2012:

Number	Exercise Price $	Expiry Date
4,920,667	0.857	May 12, 2014

(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 six months ended November 30, 2012 the Company granted 50,000 (2011 - 220,000) share options and recorded share-based compensation expense of $41,000 (2011 - $299,200).

The fair value of share options granted during the six months ended November 30, 2012 and 2011 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2012	2011
Risk-free interest rate	1.14%	1.87%
Estimated volatility	86%	135%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted during the six months ended November 30, 2012 was $0.82 (2011 - $1.36) per option.

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

(Unaudited - Expressed in Canadian Dollars)

10. Share Capital (continued)

A summary of the Company's share options at November 30, 2012 and 2011 and the changes for the six months ended on those dates, is as follows:

	2012		2011	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	2,473,000	1.02	2,611,500	0.84
Granted	50,000	1.49	220,000	1.72
Exercised	(10,000)	0.82	(35,000)	0.82
Balance, end of period	2,513,000	1.03	2,796,500	0.91

The following table summarizes information about the share options outstanding and exercisable at November 30, 2012:

Number	Exercise Price $	Expiry Date
100,000	0.41	May 3, 2013
1,768,000	0.82	October 18, 2013
150,000	2.35	February 14, 2014
220,000	1.72	August 2, 2014
100,000	1.30	May 5, 2015
125,000	1.24	May 29, 2015
50,000	1.49	August 9, 2015
2,513,000		

11. Related Party Disclosures

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

(a) *Transactions with Key Management Personnel*

During the six months ended November 30, 2012 and 2011 the following amounts were incurred with respect to the Company's President, Vice-President of Exploration and Chief Financial Officer ("CFO"):

	2012 $	2011 $
Management fees	81,000	81,000
Professional fees	108,016	99,672
	189,016	180,672

As at November 30, 2012, $18,071 (2011 - $43,957) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President, which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at $13,500 per month, is payable. If the termination had incurred on November 30, 2012, the amount payable under the agreement would be $324,000.

(Unaudited - Expressed in Canadian Dollars)

11. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

During the six months ended November 30, 2012 and 2011 the following amounts were incurred with respect to non-executive directors of the Company:

	2012 $	2011 $
Professional fees	60,000	45,000

In addition, during the six months ended November 30, 2012 the Company incurred a total of $26,600 (2011 - $39,300) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and for rent.

As at November 30, 2012, $10,900 (2011 - $19,000) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the six months ended November 30, 2012 the Company incurred $12,420 (2011 - $nil) for shared administration costs with public companies with common directors and officers. As at November 30, 2012, $2,000 (2011 - $nil) of the amount remained unpaid and has been included in accounts payable and accrued liabilities.

(d) During the six months ended November 30, 2012 the Company recovered $6,694 (2011 - $nil) for shared office personnel and costs from public companies with common directors and officers.

12. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2012 $	May 31, 2012 $
Cash	FVTPL	8,403,764	7,351,494
Investments - common shares	Available-for-sale	314,000	355,000
Investments - warrants	FVTPL	150	3,000
Amounts receivable	Loans and receivables	89,043	153,039
Accounts payable and accrued liabilities	Other liabilities	(640,286)	(779,961)

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

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

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

(Unaudited - Expressed in Canadian Dollars)

12. Financial Instruments and Risk Management (continued)

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

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

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at November 30, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	8,403,764	-	-	-	8,403,764
Investments - common shares	314,000	-	-	-	314,000
Investments - warrants		150	-	-	150
Amounts receivable	89,043	-	-	-	89,043
Accounts payable and accrued liabilities	(640,286)	-	-	-	(640,286)

	Contractual Maturity Analysis at May 31, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	7,351,494	-	-	-	7,351,494
Investments - common shares	355,000	-	-	-	355,000
Investments - warrants	-	3,000	-	-	3,000
Amounts receivable	153,039	-	-	-	153,039
Accounts payable and accrued liabilities	(779,961)	-	-	-	(779,961)

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.

12. Financial Instruments and Risk Management (continued)

(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 US Dollar bank accounts 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 November 30, 2012, 1 Canadian Dollar was equal to 0.77 Euros, 6.70 SEK and 1.01 US Dollars.

Balances are as follows:

	Finland Euros	Swedish Kronors	United States Dollars	CDN $ Equivalent
Cash	357,692	706,985	21,748	591,589
Amounts receivable	34,247	162,294	-	68,700
Accounts payable and accrued liabilities	(360,541)	(438,487)	-	(533,681)
	31,398	430,792	21,748	126,608

Based on the net exposures as of November 30, 2012 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euros, SEK and US Dollar would result in the Company's net loss being approximately $11,500 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.

13. Supplemental Cash Flow Information

During the six months ended November 30, 2012 and 2011 non-cash activities were conducted by the Company as follows:

	2012 $	2011 $
Operating activity		
Increase in accounts payable and accrued liabilities	123,052	33,354
Investing activity		
Additions to exploration and evaluation assets	(123,052)	(33,354)
Financing activities		
Issuance of share capital	41,000	-
Share-based payments reserve	(41,000)	-
	-	-

(Unaudited - Expressed in Canadian Dollars)

14. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at November 30, 2012 the Company's exploration and evaluation assets are located in Finland and Sweden and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

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

	As at November 30, 2012				
	Canada $	Sweden $	Finland $	Peru $	Total $
Current assets	7,948,664	131,115	507,148	-	8,586,927
Investments	314,150	-	-	-	314,150
Property, plant and equipment	15,539	18,571	-	224,638	258,748
Exploration and evaluation assets	-	141,751	6,251,144	-	6,392,895
	8,278,353	291,437	6,758,292	224,638	15,552,720

	As at May 31, 2012				
	Canada $	Sweden $	Finland $	Peru $	Total $
Current assets	7,222,800	209,589	155,265	-	7,587,654
Investments	358,000	-	-	-	358,000
Property, plant and equipment	7,409	26,641	-	230,850	264,900
Exploration and evaluation assets	-	11,481	4,889,442	-	4,900,923
	7,588,209	247,711	5,044,707	230,850	13,111,477