

# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019

### Background

This discussion and analysis of financial position and results of operations is prepared as at April 11, 2019, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2019 of Mawson Resources Limited ("Mawson" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward Looking Statements

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

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

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

### Company Overview and Highlights

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

Mawson is an exploration and development company with precious metal interests in the Finland and the USA. Mawson is managed by resource industry professionals with significant exploration and capital market expertise. Mawson's primary exploration focus is on the Rompas-Rajapalot gold-cobalt project in Finland, and in particular, the Rajapalot area, host to the Company's maiden NI43-101 Inferred Mineral Resource (the "NI 43-101 Technical Report") published in December 2018 for the Raja and Palokas Prospects. The resource estimation was completed by Rodney Webster of AMC Consultants Pty Ltd ("AMC") of Melbourne, Australia, and Dr. Kurt Simon Forrester of Arn Perspective of Surrey, England. Each of Mr. Webster and Dr. Forrester are independent "qualified persons" as defined by National Instrument 43-101.

The NI 43-101 Technical Report is entitled “Rajapalot Property Mineral Resource Estimate NI 43 101 Technical Report” and dated December 14, 2018. The NI 43 101 may be found on the Company’s website at [www.mawsonresources.com](http://www.mawsonresources.com) or under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are encouraged to read the entire NI 43-101 Technical Report.

Mawson is now focussed on increasing gold and cobalt resources at Rajapalot, demonstrating the scale of the mineralized system and finding new mineralized bodies. The Rajapalot gold-cobalt Inferred Mineral Resource estimate is a strong start and an important milestone for both Mawson and Finland. The resource calculation demonstrates the robustness and high-grade of gold-cobalt mineralization, and, highlights the potential for substantial resource expansion with recently surveyed electromagnetic conductors that closely correspond with the resource area, potentially more than doubling the size of the mineralized footprint. These formed immediate drill targets for the Company’s winter 2019 drill campaign where four drill rigs were testing step-out targets from the resource. Highlights from the maiden inferred resource calculation include:

1. A pit and underground Constrained Inferred Mineral Resource of 424,000 ounces of gold at 3.1 g/t AuEq (4.3 million tonnes at 2.3 g/t Au, 430 ppm Co) at 0.37 g/t AuEq cut-off open pit and 2 g/t AuEq underground was calculated, within a combined Unconstrained Inferred Mineral Inventory for the Palokas and Raja prospects of 482,000 ounces gold equivalent (“AuEq”) at a grade of 2.4 g/t AuEq (6.2 million tonnes at 1.7 g/t Au, 410 ppm Co) at 0.4 g/t AuEq cut-off. The gold equivalent (“AuEq”) value was calculated using the following formula:  $AuEq\ g/t = Au\ g/t + (Co\ ppm/608)$  with assumed prices of Co \$30/lb; and Au \$1,250/oz. AuEq varies with Au and Co prices.
2. The Constrained Inferred Resource demonstrates the high grade of Rajapalot with open-pittable grades of 2.8 g/t AuEq (2.1 g/t Au and 420 ppm Co) and underground grades of 5.2 g/t AuEq (4.4 g/t Au and 520 ppm Co) (Table 1).
3. Electromagnetic fixed-loop transient (“TEM”) and airborne VTEM<sub>plus</sub> (“VTEM”) surveys at least double the potential mineralization footprints at the Raja, South Palokas and Palokas prospects and form immediate targets.
4. The Inferred Resource has substantial potential to grow, with only 20% (800 metres) of the 4 kilometres known mineralized trend included within the maiden resource to relatively shallow depths (average depth of drilling 88 metres within 34.2 kilometres drilled to date at Rajapalot).
5. The publication of the maiden Inferred gold-cobalt Mineral Resource establishes Rajapalot as a significant and strategic gold-cobalt resource for Finland. The unconstrained maiden inventory places Rajapalot as one of Finland’s current top three gold projects by grade and contained ounces and one of a small group of cobalt resources prepared in accordance with NI 43-101 policy within Europe.

Finland refines half the world’s cobalt outside China. The world’s largest cobalt refinery is located 400 kilometres south of Rajapalot, where CRU estimates annual refining of 22,734 tonnes of cobalt (approximately 18% of world refined cobalt production), 90% of which was sourced from Chinese-owned mines in the Democratic Republic of Congo. Finland mines only 650 tonnes or 0.5% of the world’s cobalt per year. The Rajapalot resource has the potential to support Finland’s desire to source ethical and sustainable cobalt.

Mawson appreciates the overwhelmingly strong support it receives from local stakeholders. The Ylitornio municipality, which hosts the Rajapalot project, is a sparsely populated area with a decreasing population. The Rajapalot project could create many opportunities for both the current population and those in the future who will settle within the area.

The 2018 drill program was completed with a total of 75 drill holes completed for a total of 16,214 metres. A major re-assay program to determine cobalt grades associated with the disseminated gold mineralization proved highly successful with AuEq grades improving the continuity and thickness of the mineralized intervals, with some AuEq examples doubling the grade-width of the originally reported gold intersections. This program contributed significantly in the calculation of the Inferred Mineral Resource.

The 2019 winter diamond drill program, plans for 40 holes for 15,000 metres remains ongoing but will conclude at the end of winter conditions around mid-April 2019. The majority of assays remain outstanding with results from only the first 6 holes reported to date. As at March 4, 2019, 18 diamond drill holes for 6,003 metres had been completed.

In addition to the extracts from the NI 43-101 Technical Report contained herein, the technical information provided under Exploration Projects was prepared by Mawson and reviewed by Dr. Cook, as the Company’s Qualified Person.

## Exploration Projects

### Finland

As at April 1, 2019, the Company held a total of 5 granted exploration permits and 9 exploration permit applications.

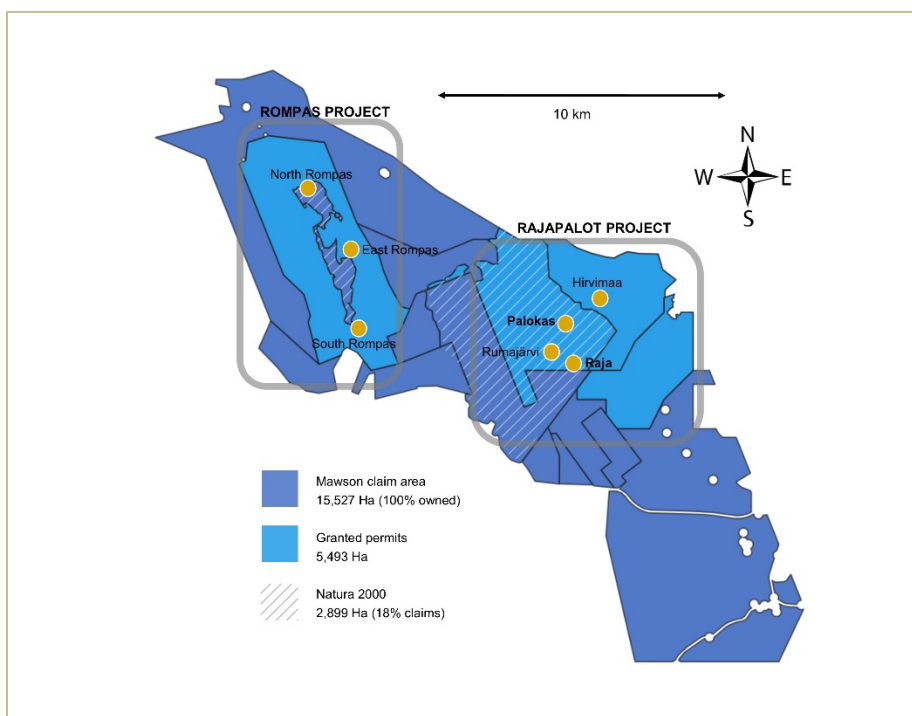
*Status of Mawson’s Claims in Finland*

	Number	Area (ha)
Granted Exploration Permits	5	5,493
Exploration Permit Applications	9	15,527

### Rompas-Rajapalot Gold - Cobalt Project

The Rompas-Rajapalot project is a discovery in Northern Finland where high-grade gold and cobalt have been found within an area approaching 10 km by 10 km. The nature of the terrain and all-weather access allows year-round exploration work across more than 70% of the area. Winter access is possible in the remaining area when ice and snow conditions permit, usually after mid-December each year.

*Figure 1: Mawson granted permits, claim area, location of Rajapalot and Rompas project areas and key prospects*



### Rajapalot Disseminated Gold - Cobalt Project - Resources

Resource estimations at Rajapalot have been completed for the Raja and Palokas prospects by AMC. The two prospects lie approximately 2.0 kilometres apart within the same geological host sequence (Figure 2 below). The calculation represents the first resource estimate for the Rajapalot Gold-Cobalt Project. AMC has reported both a “constrained” and “unconstrained” resource, where the constrained resource has used spatial restrictions of a Whittle™ pit at a gold price of USD \$1,250 per ounce and a cobalt price of \$30/lb. The gold equivalent (“AuEq”) value was calculated using the following formula:  $AuEq\ g/t = Au\ g/t + (Co\ ppm/608)$  with assumed prices of Co \$30/lb; and Au \$1,250/oz. AuEq varies with Au and Co prices.

Figure 2: Plan view of Rajapalot showing areas included in maiden resource calculation, key drill intercepts and host geological units

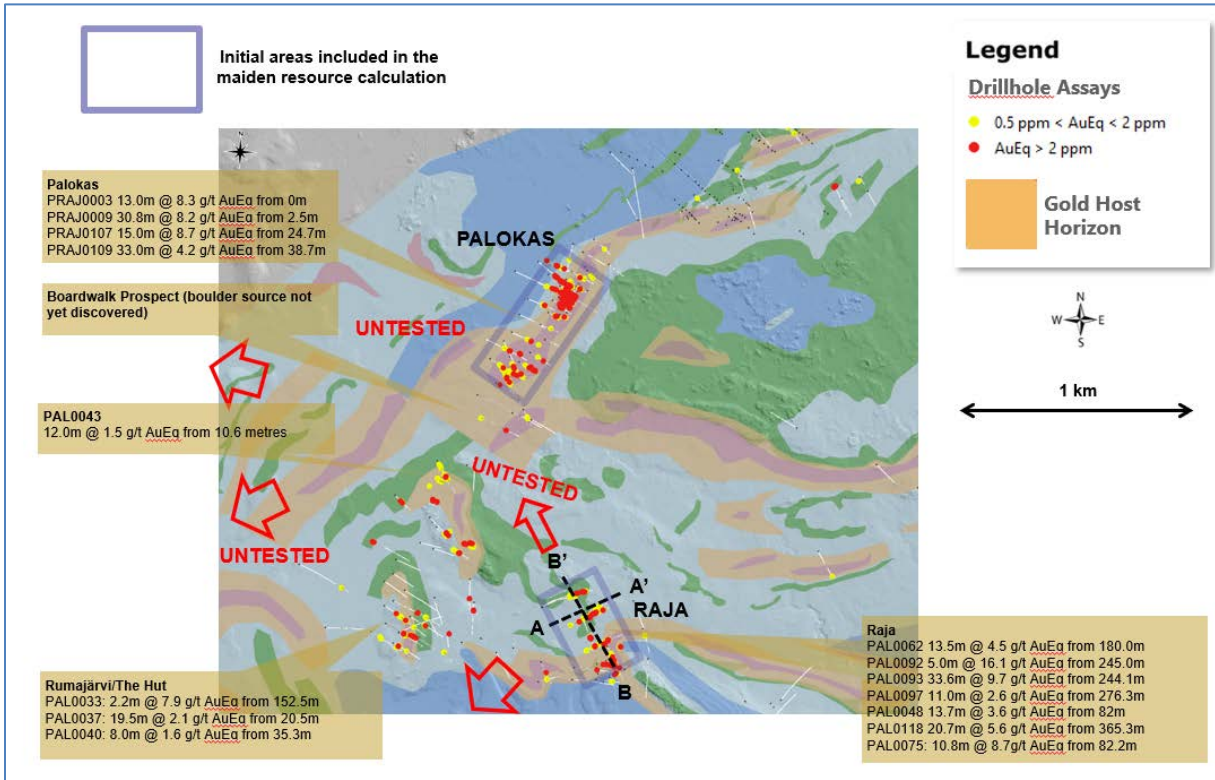


Table 1: Total constrained Inferred Mineral Resources Estimate as of December 14, 2018, at the cut-offs listed for constrained open pit and underground resources at Raja and Palokas.

Zone	Cut-off (AuEq)	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)	AuEQ (koz)	Au (koz)	Co (tonnes)
Raja Pit	0.37	2,499	3.1	2.4	410	249	197	1,021
Raja UG	2.0	356	5.6	4.8	500	64	55	179
<b>Raja Total</b>		<b>2,855</b>	<b>3.4</b>	<b>2.7</b>	<b>420</b>	<b>312</b>	<b>252</b>	<b>1,201</b>
Palokas Pit	0.37	1,306	2.2	1.4	450	92	60	587
Palokas UG	2.0	96	3.6	2.7	560	11	8	54
<b>Palokas Total</b>		<b>1,402</b>	<b>2.3</b>	<b>1.5</b>	<b>460</b>	<b>104</b>	<b>69</b>	<b>640</b>
Total Pit	0.37	3,805	2.8	2.1	420	343	257	1,608
Total UG	2.0	452	5.2	4.4	520	76	63	233
<b>Total</b>		<b>4,257</b>	<b>3.1</b>	<b>2.3</b>	<b>430</b>	<b>424</b>	<b>320</b>	<b>1,841</b>

Table 2: Total unconstrained Inferred Mineral Inventory estimates as of December 14, 2018, at different AuEq g/t cut-off grades for the combined Raja and Palokas prospects

Cut-off (AuEq)	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)	AuEq (koz)	Au (koz)	Co (tonnes)
<b>0.2</b>	6,335	2.4	1.7	402	485	347	2,548
<b>0.4</b>	6,156	2.4	1.7	410	482	345	2,522
<b>0.6</b>	5,680	2.6	1.9	429	475	345	2,434
<b>0.8</b>	5,000	2.8	2.1	451	456	339	2,256
<b>1.0</b>	4,198	3.2	2.5	482	435	334	2,024
<b>1.2</b>	3,555	3.6	2.8	501	416	321	1,781
<b>1.4</b>	3,046	4.0	3.2	513	395	313	1,564
<b>1.6</b>	2,600	4.5	3.6	522	380	304	1,357
<b>1.8</b>	2,222	5.0	4.2	527	360	300	1,170
<b>2.0</b>	1,904	5.6	4.7	533	340	290	1,016

Cut-off (AuEq)	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)	AuEq (koz)	Au (koz)	Co (tonnes)
2.2	1,721	6.0	5.1	534	331	281	918
2.4	1,518	6.5	5.6	533	318	274	810
2.6	1,374	6.9	6.0	539	306	266	740
2.8	1,229	7.5	6.6	539	294	259	662
3.0	1,123	7.9	7.0	550	284	251	617
3.2	1,009	8.4	7.5	565	273	244	570
3.4	932	8.9	8.0	563	266	239	525
3.6	846	9.5	8.6	554	258	233	469
3.8	789	9.9	9.0	545	251	228	430
4.0	728	10.3	9.5	547	242	223	398
4.2	671	10.9	10.1	530	236	217	356
4.4	631	11.3	10.5	526	230	213	332
4.6	586	11.9	11.0	516	223	207	302
4.8	543	12.5	11.6	514	217	202	279
5.0	521	12.8	12.0	511	214	201	266

### Resource Methodology

1. Mineral Resource estimates follow the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) definitions standards for mineral resources and reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.
2. Reported tonnage and grade figures have been rounded from raw estimates to reflect the relative accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. The Mineral Resource Statement complies with the standards for reporting mineral resources as set out under CIM guidelines.
5. Constrained Resources are presented undiluted and in-situ and are considered to have reasonable prospects for eventual economic extraction.
6. Optimized open pit constrained resources are reported at a cut-off grade of 0.37 g/t AuEq; underground resources are reported at a cut-off grade of 2.0 g/t AuEq.
7. Gold equivalent “AuEq” = Au+Co/608 based on assumed prices of Co \$30/lb and Au \$1,250/oz.
8. Top cuts were applied to the composites at Palokas. For the low-grade gold domain within the Palokas deposit a gold top cap of 15.9 g/t was used. For the high-grade gold domain within the Palokas deposit a gold top cap of 50 g/t was used. No top caps were required for the Raja deposit.
9. A density value of 2.80 t/m<sup>3</sup> was applied to all lithologies.
10. The three-dimensional wireframe models were generated using AuEq shells. Estimation parameters were determined by variography; all zones were interpolated using Ordinary Kriging (“OK”).
11. Block dimensions were 25 x 10 x 5 metres (Raja) and 20 x 10 x 5 metres (Palokas) with sub-block sizes down to 5 x 2 x 1 metre and 4 x 2 x 1 metres blocks for Raja and Palokas respectively.
12. AMC created the Rajapalot Mineral Resource estimate using the drill results available to July, 2018 from the Raja and Palokas prospects.

Table 3: Total unconstrained Inferred Mineral Inventory estimates as of December 14, 2018, at different AuEq g/t cut-off grades for the Raja prospect.

Cut-off	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)
0.2	3,738	2.9	2.2	403
0.4	3,720	2.9	2.2	405
0.6	3,576	3.0	2.3	416
0.8	3,243	3.2	2.5	434
1.0	2,786	3.6	2.9	464
1.2	2,444	4.0	3.2	480
1.4	2,203	4.3	3.5	493
1.6	1,926	4.8	3.9	508
1.8	1,661	5.3	4.5	516
2.0	1,414	5.9	5.1	529
2.2	1,270	6.4	5.5	531
2.4	1,098	7.1	6.2	530
2.6	987	7.6	6.7	538



Cut-off	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)
2.8	870	8.3	7.4	537
3.0	805	8.7	7.8	549
3.2	719	9.4	8.5	566
3.4	660	10.0	9.1	563
3.6	593	10.8	9.9	550
3.8	547	11.4	10.5	535
4.0	503	12.0	11.2	536
4.2	460	12.8	12.0	512
4.4	435	13.3	12.5	504
4.6	406	13.9	13.1	487
4.8	375	14.7	13.9	482
5.0	357	15.2	14.5	476

Table 4: Total unconstrained Inferred Mineral Inventory estimates as of December 14, 2018, at different AuEq g/t cut-off grades for the Palokas prospect.

Cut-off	Tonnes (kt)	AuEq (g/t)	Au (g/t)	Co (ppm)
0.2	2,597	1.64	0.99	401
0.4	2,436	1.73	1.05	417
0.6	2,104	1.93	1.19	450
0.8	1,757	2.17	1.38	483
1.0	1,412	2.48	1.63	518
1.2	1,111	2.86	1.96	547
1.4	843	3.35	2.42	567
1.6	674	3.82	2.89	561
1.8	561	4.24	3.33	558
2.0	490	4.58	3.69	546
2.2	451	4.80	3.91	541
2.4	420	4.99	4.10	542
2.6	387	5.20	4.31	541
2.8	359	5.40	4.50	543
3.0	318	5.72	4.81	552
3.2	290	5.97	5.05	561
3.4	272	6.15	5.22	564
3.6	253	6.35	5.42	563
3.8	242	6.47	5.54	566
4.0	225	6.66	5.72	571
4.2	211	6.84	5.90	570
4.4	196	7.02	6.08	574
4.6	180	7.25	6.30	580
4.8	168	7.43	6.46	585
5.0	164	7.48	6.52	586

### **Cobalt in Finland**

Finland plays a significant role in the global cobalt supply chain. The Democratic Republic of the Congo (“DRC”) mined 54% of the world’s cobalt in 2016 whilst 80% of cobalt used in lithium-ion batteries is refined in China.

Half of the world’s non-Chinese production (10% of total production) comes from Freeport Cobalt, the world’s largest single cobalt refinery, located only 400 kilometres from Mawson’s Rajapalot project in Kokkola, Finland. Freeport Cobalt is a joint venture between Freeport-McMoRan (56%), Lundin Mining Corporation (24%) and La Générale des Carrières et des Mines (20%) (or Gécamines, the DRC state mining company). A significant amount of feedstock for Freeport Cobalt comes via a long-term supply agreement with the Chinese-owned Tenke Fungurume mine in the DRC. A future Finnish domestic source of cobalt from Rajapalot would satisfy the recent announcements by Finland and Sweden that the countries will work together on a traceable ledger for sustainable minerals, which are considered crucial for achieving climate goals.

Owing to the growth in the electrification of transport and need for storage of renewable energy, the battery sector has become an important driver of cobalt demand. Demand for lithium-ion batteries is surging, which is expected to

support both price and volume for the cobalt market for years to come. With cobalt on the European Commission's critical raw minerals list, there is a strong mandate to secure local and ethical supplies of cobalt, which are likely to contribute to further tightened supply.

### ***Rajapalot Disseminated Gold-Cobalt Project - Exploration***

The 100% owned gold-cobalt Rajapalot discovery hosts numerous hydrothermal gold-cobalt prospects drilled between 2013 and April 2018 within a 3 by 4 kilometre area. Mineralization at Raja and Palokas prospects occurs as replacement bodies with both structural and stratigraphic controls. Refer to Tables 1-4 above for resources by zone, which remain open in multiple directions.

### ***Rajapalot Diamond Drilling***

Before this winter program, a total of 34,234.4 metres have been drilled at Rajapalot (average depth of drilling 88.2 metres). A total of 32 holes for 6,813.4 metres and 87 holes for 8,354.3 metres (total 119 holes for 15,167.7 metres with an average depth of 127.5 metres) were used within the maiden resource estimation at Raja and Palokas respectively. Plans for the 2019 drill program are to drill 40 holes for 15,000 metres.

*Table 5: Drilling history at Rajapalot to April 1, 2019*

Drill Program	Number of Holes	Year	Drilled (m)	Average Hole Length (m)	Core Diameter	Drill Company
<b>PAL0001-PAL0007</b>	8	2013	757.1	94.6	NQ=47.6 mm, HQ=63.5 mm	ADC
<b>PRAJ0001-PRAJ0120</b>	120	2013-2016	3,431.4	28.6	EW=25.2 mm	Mawson
<b>LD0001-LD0120</b>	120	2014	873.8	7.3	BQ=36.4 mm	Ludvika Borrteknik AB
<b>PAL0008-PAL0025</b>	18	2015-2016	3,290.1	182.8	NTW=56.0 mm	Energold
<b>PAL0026-PAL0082</b>	57	2017	11,139.2	195.4	NQ2=50.7 mm, NTW=56.0 mm	ADC, MSJ Drilling, KATI Oy
<b>PAL0083-PAL0147</b>	65	2018	14,742.8	226.8	NQ2=50.7 mm, WL76=57.7 mm	ADC, MK Core Drilling Oy, KATI Oy
<b>Total</b>	<b>388</b>		<b>34,234.4</b>	<b>88.2</b>		

*Table 6: Drill Hole Best Results Summary table prior to commencement of 2018 winter drilling*

Prospect	Drill Hole	Intersection width (metres)	Grade AuEq (g/t)	From (metres)
<b>Raja</b>	PAL0062	13.5	4.5	180.0
<b>Raja</b>	PAL0092	5.0	16.1	245.0
<b>Raja</b>	PAL0093	33.6	9.7	244.1
<b>Raja</b>	PAL0097	11.0	2.6	276.3
<b>Raja</b>	PAL0048	13.7	3.6	82.0
<b>Raja</b>	PAL0118	20.7	5.6	365.3
<b>Raja</b>	PAL0075	10.8	8.7	82.2
<b>Rumajärvi</b>	PAL0037	19.5	2.1	20.5
<b>Rumajärvi</b>	PAL0040	8.0	1.6	35.3
<b>The Hut</b>	PAL0033	2.2	7.9	152.5
<b>Palokas</b>	PRAJ0003	13.0	8.3	0
<b>Palokas</b>	PRAJ0009	30.8	8.2	2.5
<b>Palokas</b>	PRAJ0107	15.0	8.7	24.7
<b>Palokas</b>	PRAJ0109	33.0	4.2	38.7

The true thickness of mineralized intervals at Palokas is interpreted to be approximately 90% of the sampled thickness. The true thickness of the mineralized intervals at Raja, Rumajärvi and The Hut require additional drilling to determine owing to the complicated structural controls.

Combined gold-cobalt mineralized intersections display increased widths and often show better continuity. Mineralogical studies on selected Rajapalot samples indicates that sulphide cobalt mineralization is hosted in cobaltite and cobalt pentlandite that are conventionally mined and processed in other deposits.

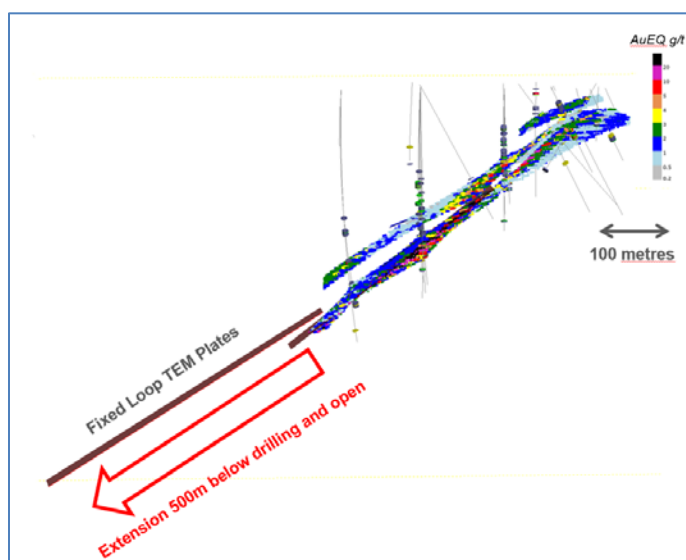
### *Raja Prospect*

The Raja gold-cobalt resource forms 75% of the Inferred Mineral Resource and extends 575 metres down plunge, with an average depth of 100 metres and each of the 3 mineralized horizons averaging 10 metres width. Gold-cobalt mineralization is a potassic-iron type characterized by muscovite-biotite-chlorite quartz pyrrhotite-rich schist with subordinate albite, iron-magnesium amphiboles and tourmaline which is best developed to date at the Raja prospect. Gold and cobaltite along with scheelite, pyrite, chalcopyrite and bismuth tellurides accompany the silicates.

The mineralization at Raja is concentrated where a sub-vertical linear structure intersects sulphide concentrations in the hinges of minor folds. The gold mineralization is interpreted to have formed subsequent to the peak of high-grade metamorphism and coincident deformation.

At the Raja prospect, two drill holes in a section down plunge of the resource, are inferred to lie either side of the linear gold-cobalt trend and results were reported in March, 2019. Drill hole PAL0161 intersected 4.0 metres @ 2.9 g/t gold from 345 metres and PAL0159 intersected 3.0 metres @ 2.3 g/t gold from 434 metres and 3.5 metres @ 2.4 g/t from 452 metres. Further infill drilling is planned.

*Figure 3: Grade blocks from resource modelling of Raja prospect and location of fixed loop TEM plates showing likely down-plunge extensions to mineralization – view to NNE.*



### *Palokas Prospect*

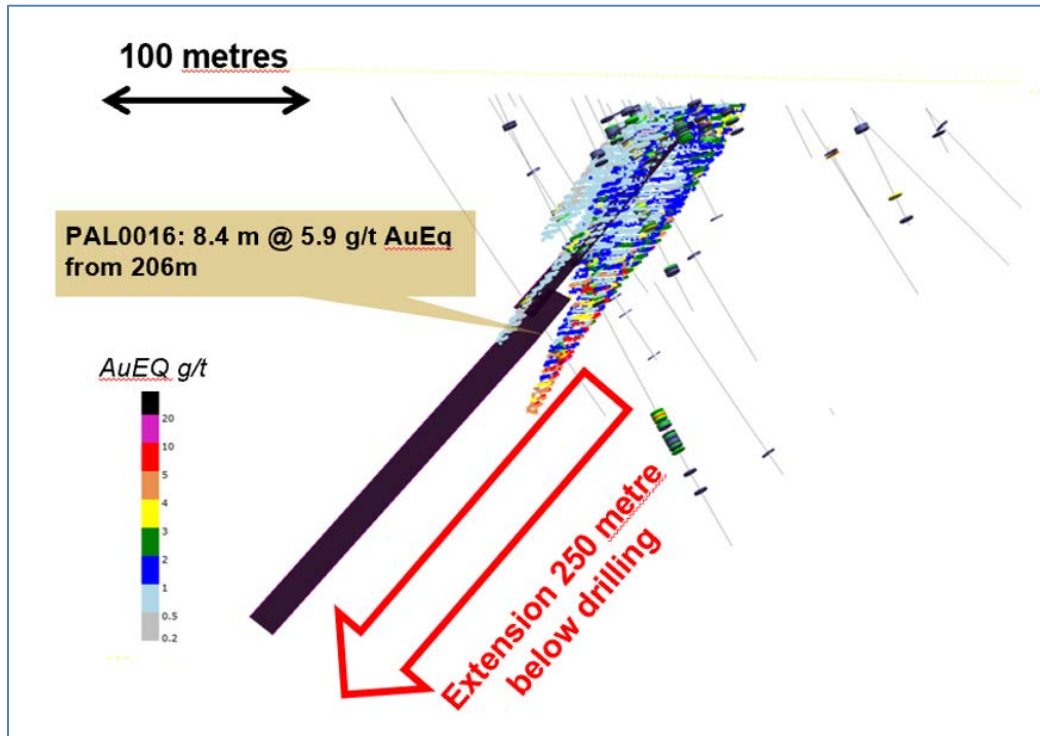
The Palokas gold-cobalt Inferred Mineral Resource extends over two separate bodies (Palokas and South Palokas) with at least two mineralized horizons in each. The dimensions of the Palokas resource are 240 metres of strike, depth of 300 metres and 20 metres width. The dimensions of the South Palokas resource are 180 metres of strike, depth of 220 metres and width up to 20 metres. Mineralization forms within a retrograde mineral alteration assemblage include chlorite, iron-magnesium amphiboles, tourmaline and pyrrhotite commonly associated with quartz veining. Subordinate almandine garnet, magnetite and pyrite occur with bismuth tellurides, scheelite, ilmenite, gold and one of cobaltite or cobalt pentlandite.

Both Palokas and South Palokas have been drilled during the 2019 winter campaign and assays remain outstanding. The only drill hole reported from this winter's program from the South Palokas prospect, drill hole PAL0173, intersected 17 metres @ 3.0 g/t gold from 264 metres, including 5 metres @ 4.9 g/t gold from 264 metres and 5 metres @ 4.6 g/t Au from 276 metres.



A recently completed electromagnetic geophysical survey has outlined strongly conductive bodies immediately down plunge from both the Palokas and South Palokas gold-cobalt resource areas. The modelled conductive plates extend 250-400 metres down dip beyond the resource areas and doubles (South Palokas) or triple (Palokas) the mineralization footprint down plunge to the northwest.

Figure 4: Grade blocks from resource modelling of Palokas prospect and location of fixed loop TEM plates showing likely down-plunge extensions to mineralization – view to NNW.



#### Other Prospect Areas in Rajapalot

The Raja and Palokas Inferred cover only 20% (800 metres) of the 4 kilometres known mineralized trend at Rajapalot. The Hut, Terry's Hammer and Rumajärvi prospects within the same trend are still in the early stages of exploration, but have significant potential, as shallow and deeper geophysical anomalies, surface samples (boulders) and initial drilling indicate the correct stratigraphic host sequence and encouraging assay results. Drilling at Terry's Hammer for example, intersected 4.7 metres at 2.1 g/t gold from 65.7 metres in PAL0099, the first large diameter drill test of a combined remanent magnetic/chargeable/conductive anomaly comprising gold-bearing sulphidic rocks in outcrop.

Winter diamond drilling during 2019 was focussed on the areas where the inferred resources were published (Raja, Palokas and South Palokas). The Hut, Terry's Hammer and Rumajärvi prospects are in an earlier stage of exploration, with approximately 30% percentage of the drill metres completed there.

#### Geophysics

A series of airborne (VTEMplus) and ground geophysical surveys have been conducted since 2013 to locate the conductive and magnetic mineralization at Rajapalot. More recent work indicates that a combination of ground magnetic surveys, electromagnetics (both airborne and ground) and IP-resistivity methods are the most promising for location of sulphidic gold-cobalt mineralization. The highly conductive nature of the sulphidic host also makes mise-a-la-masse and important tool for tracing the location of near-surface intersections with the ever-present thin glacial till cover. Much of the southeastern portion of Kairamaat 2/3 permit and more than 40 % of Hirvimaa permit is now also covered by gradient array IP/chargeability surveys.

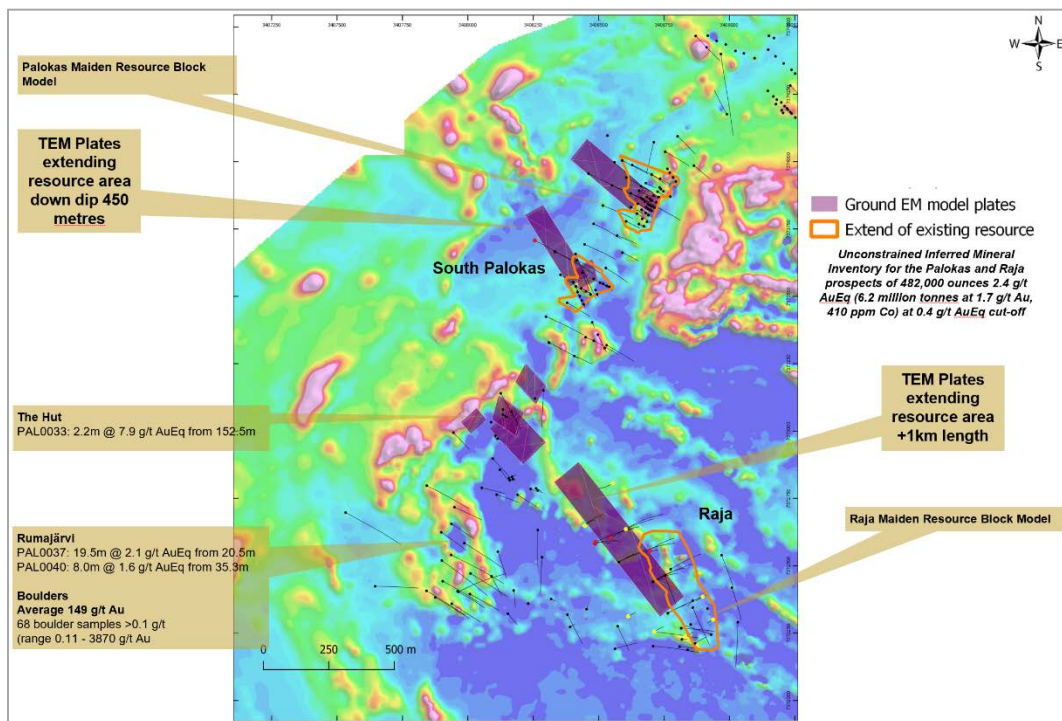
Detailed ground magnetic surveys at line spacings between 100 metres and 15 metres have been completed during 2014-2018. The testing has indicated that 25 metre line spacing is optimum for discovery and geological interpretation. Geological, primarily structural interpretation of the ground magnetic data indicates a complexly refolded and

faulted sequence, but still including distinctive and traceable units. Additional magnetic surveys to infill surveys to 25 metres have now been completed across the most prospective portions of Rajapalot.

Magnetic pyrrhotite associated with gold-cobalt mineralization typically shows reverse remnant magnetism (RRM). Thus, combined RRM-conductive-chargeable anomalies usually represent near-surface sulphides. The coincidence of the three geophysical properties was used to successfully locate the mineralization at Raja and The Hut, and corresponding anomalies at Palokas, South Palokas and Terry's Hammer indicate the effectiveness of the programs.

A fixed-loop transient electromagnetic ("TEM") corresponds closely with the resource block model at Raja and defines a strongly conductive body that extends 550 metres down plunge beyond the maiden resource (Figure 3). This conductive body more than doubles the potential Raja mineralization footprint to more than 1 kilometre down plunge and the conductor remains open down plunge to the NNW. Earlier stage airborne VTEMplus electromagnetic ("VTEM") data shows a conductive body which more than doubles the Palokas potential mineralized footprint to 450 metres below the surface (Figure 4). The TEM surveying to better define conductors at Palokas and South Palokas indicates over 450 metres of down-plunge extent to the conductive sulphidic rocks and drill testing has revealed that the northern margins of the modelled plates are indeed anomalous in gold (visible gold reported, but assays outstanding). Modelling of TEM surveys from Rumajärvi and The Hut continues. Down hole electromagnetic surveys have also been conducted in drill holes where indications are present of proximity to sulphidic hosts to gold-cobalt mineralization. Mise a la masse surveys to track the surface extent of sulphides will be completed over the next month.

Figure 5: Image of modelled plates from TEM, resource blocks and key drill intercepts from Rajapalot area



### Geology of Mineralized Rocks at Rajapalot

The style of mineralization at Rajapalot is predominately sulphidic and of a disseminated or replacement style, generally concentrated adjacent to linear, or sub-linear near-vertical structures (faults and veins). Hydrothermal alteration precipitated gold and sulphide in reactive host rocks, typically those already sulphidic. Grade thickness variations occur, and the best intersections to date are those where foliated sulphides in fold hinges and brecciated rocks are present prior to the gold. Most of the mineralization at Rajapalot consists of sulphide (pyrrhotite>>pyrite), magnetite, biotite, muscovite and chlorite hydrothermal mineral assemblages hosted in predominately muscovite-biotite schists and grey albitites. Variations in gold-cobalt mineralization style occur, from an end member of sulphidic, potassic iron-rich rocks (K-Fe type, for example at Raja prospect) through to iron and magnesium-rich (Fe-Mg type) hydrothermally altered sulphidic rocks such as those at Palokas. Textures range from veined albitic granofels through fractured and brecciated to locally schistose. Veining and fracture fill minerals include pyrrhotite,

magnetite and magnetite-pyrrhotite (+/- quartz). Local retrograde chlorite after biotite and vein-controlled chlorite +/- tourmaline and magnetite are also present. Preliminary hand-held XRF analysis confirms the presence of associated scheelite and molybdenite, the former visible under UV light as tiny veinlets and disseminations. The iron-rich nature of the mineralized rocks is a common theme in either the oxide or sulphide form, with a variably sulphidic and chloritic overprint. The alteration is clearly post-metamorphic, reduced, and most likely driven by granitoid intrusions. Chlorite, hydrothermal muscovite and quartz are regarded as the lowest temperature silicate minerals with gold, cobaltite, linnaeite, cobalt pentlandite structurally controlled by sub-vertical, linear faults and shears in apparent spatial association with sulphidic fold hinges and planar sulphidic host rocks. Altered rocks enclosing the mineralized package contain locally abundant talc and tourmaline.

The disseminated sulphidic gold-cobalt mineralization at Rajapalot remains the primary target for the Company. However, the company interprets that the host strata can occur across the full extent of the Rompas-Rajapalot project area and therefore the potential for disseminated sulphidic gold-cobalt mineralization should not be discounted in the Rompas project area.

### *Surface Sampling*

Surface samples from Rajapalot include prospecting grab samples taken from outcrop that returned 2,817 g/t gold, 2,196 g/t gold, 1,245 g/t gold, 933 g/t gold, 151 g/t gold and 135.5 g/t gold. A total of 160 boulders and outcrops with >0.1 g/t gold have been discovered within a 4 kilometre by 3 kilometre area at Rajapalot. Gold grades range from 0.1 g/t gold to 3,870 g/t gold, with an average of 74.9 g/t gold and median of 0.71 g/t gold. Samples from boulders are grab samples, which are selective by nature and are unlikely to represent average grades on the property.

A broad area of 4 by 6 kilometres has been tested by 2,775 base-of-till ("BOT") drill holes (within the Kairamaat 2-3, Hivimaa and Raja permit areas). A further 601 BOT drill holes have been completed in the Männistö permit area surround the Rompas prospect searching for the disseminated style of mineralization.

### *Metallurgical Testing*

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

Metallurgical testwork for cobalt and gold to continue with liberation studies and QEMSCAN work to investigate the relationships of the cobalt minerals (cobaltite, linnaeite and cobalt pentlandite) to the gold, sulphide and silicate minerals. These studies are being conducted with the Geological Survey of Finland (GTK) and the Camborne School of Mines (University of Exeter).

During the quarter, Mawson was selected to be a participant of Finland's BATCircle consortium, a program designed to value-add to the Finnish battery metals circular economy. BATCircle was founded under the leadership of Aalto University to coordinate research on the battery metal circular economy from exploration to recycling. BATCircle includes 22 companies, four universities, two research institutes and two cities. The project is biennial and has a total budget of over €20 million. According to the European Commission ("EC"), the value of the European battery market could rise to €250 billion by 2025. The goal of the BATCircle project is to enable the creation of a market of least €5 billion in Finland.

R&D funding for the BATCircle research project for Mawson's Rompas-Rajapalot project is €500,000 (CAD\$756k) including the Company's contribution of €250,000 (CAD\$378k) on a 50:50 funding basis to conduct advanced exploration and metallurgical studies on the Rompas Rajapalot gold-cobalt project.

## *Rajapalot Global Analogues*

As a result of the diamond drilling programs over the 2016-2019 winters, Mawson was able to define the Rajapalot mineralization as typical of a Paleoproterozoic gold system. This well-documented deposit style appears to be late tectonic, has a stratabound geochemical control on gold precipitation and commonly has a regional granitoid association in the age range 1.75-1.85 Ga. A global metal contribution of more than 200 million ounces makes for a significant target type. The best analogues to the Rajapalot mineralization are the Homestake Mine in South Dakota; Tanami mines in Northern Territory, Australia and Salobo (Brazil).

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

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

The Rajapalot project continues to evolve with significant advances in the understanding of similar structural-stratigraphic and fluid-rock controls on apparently contrasting mineralization styles. The adoption of a “mineral systems” approach combined with the results of the recent winter diamond drilling allows us to interpret the entire new mineralized gold camp that Mawson has defined. This new interpretation has led to the definition of more than 65 kilometres of host stratigraphy in the project area. The Paleoproterozoic gold target style is a geological concept and is not necessarily indicative of the mineralization style that will eventually exist on the Property. The exploration programs systematically test strike extensions to known resources, in order to test structural and stratigraphic traps that may host this style of gold mineralization.

## *Rompas Vein Gold Project*

The initial discovery area, Rompas, is a hydrothermal vein style system defined over a 6 kilometres strike and 200-250 metres width. Exploration on the project started in May 2010. During that year, 80 channel samples averaged 0.59 metres at 203.66 g/t gold and 0.86% uranium and during 2011 the weighted average of all 74 channel intervals was 1.40 m at 51.9 g/t gold and 0.13 % uranium. Unrepresentative grab sample results include values up to 33,200 ppm gold and 56.6% uranium oxide at Rompas.

From mid-2011 Mawson drilled 8,164.8 metres in 90 holes at Rompas, comprising 2,462.8 metres in 29 drill holes at North Rompas; 2,436.2 metres in 29 drill holes in the northern block at South Rompas; 2,504.3 metres in 24 holes within the southern block at South Rompas; and 761.5 metres in 8 drill holes at Northern Rajapalot. In August 2012, results from the first drill program at Rompas returned 6 metres @ 617 g/t gold in drill hole ROM0011 including 1 metre @ 3,540 g/t gold and 1 metre @ 114.5 g/t gold in drill hole ROM0015. These results confirmed the significance of the hundreds of high-grade surface occurrences that were channel sampled during 2010 and 2011. A second drill program commenced in December 2012. At North Rompas the best results include 0.4 metres @ 395 g/t gold and 0.41% uranium from 41.0 metres in drill hole ROM0052, the most southerly drill hole of the program; and 1.1 metres @ 9.8 g/t gold and 0.16% uranium from 78.5 metres in drill hole ROM0053.

The host sequence to the Rompas vein-style mineralization comprises a package of amphibolite facies metamorphosed basalts, clastic sediments, carbonate rocks and reduced shales of the Paleoproterozoic Peräpohja Schist Belt in southern Lapland. Nuggety mineralized intersections to date are largely within metabasaltic rocks. The company continues to focus on the more favourable disseminated and non-nuggety style of mineralization at the Rajapalot project.

## **Environment and Permitting**

The Rompas-Rajapalot project is still in the exploration phase and significant work is required before progression to an advanced exploration project. Finland has rigorous regulatory processes with strict environmental standards and we are committed at this early project stage to work with the regional and national authorities and broader stakeholder

groups to develop the project in a responsible way. Mawson has completed eight years of flora and water base line studies and nature assessments at Rompas-Rajapalot. The Company looks forward to continuing to work closely with both the mining and environmental authorities and other stakeholders over the coming years to ensure our work is conducted according to sustainable and global best practice methods.

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

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

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

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

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

For the current diamond drill sampling program at Rajapalot, Mawson has completed biological mapping of all areas where drilling took place, and, worked together with all authorities to minimize its impacts, including the capture of all drill cuttings, reduction in total machine weight and the careful preparation of compressed snow roads for use by skidoo, Bandvagn and drill rigs. The same process takes place for each winter drill season.

The Kairamaat 2-3 exploration permit (part of the Rajapalot project area) was regranted on 18 January, 2019 by the Finnish Mining Authority, TUKES. As announced on [February 21, 2019](#) and as is a standard right in Finland, two appeals were lodged by a local NGO group and Parks & Wildlife Finland, Lapland ("Metsähallitus"). The Administrative Court has since ratified the enforcement order, with the additional of no drilling period within a 1.1 kilometre buffer of an eagle's nest from February 15 to March 25, 2019. Other than this addition, the enforcement is clear and allows Mawson to drill from 200 drill platforms (from 529 optional sites) plus 76 existing drill platforms within the 1,462 hectare Kairamaat 2-3 exploration permit area for an additional 3 years, according to specific exploration methods that can be undertaken within Natura 2000 areas, including but not limited to diamond drilling, base-of-till drilling and geophysics. The enforcement order allows ongoing drilling until both appeals are addressed by the Administrative Court. This process can take up to 18 months. Mawson's permits have never been challenged by the Administrative court and the Company remains confident that after the appeals are addressed the permit conditions will continue for the duration of the 3 year permit, given statements or consolidating evidence supporting Mawson's permit renewal were received from independent Professorial experts, the Environmental Authority

responsible for Natura 2000 and the local Ylitornio municipality, while the local reindeer herder association did not lodge any concerns. Mawson can also explore and drill during both summer and winter on its other claim areas outside Natura 2000 areas. According to the Finnish Mining Act, after the first renewal period of up to 4 years, all exploration permits in Finland can be renewed in 3-year maximum intervals, for a combined total of 15 years.

Certain areas of the Rompas-Rajapalot areas (namely exploration permit areas Rompas and Kairamaat 2-3) are defined as European Union Natura 2000 conservation programme designated areas. Natura 2000 sites cover about 14.6% of Finland and approximately 30% of Northern Finland. Natura 2000 is the centrepiece of EU nature and biodiversity policy. It is an EU-wide ecological network of over 27,000 sites in the 28 EU countries. The Natura 2000 network was established under the 1992 Habitats Directive complementing an earlier 1979 adopted Birds Directive and covering over 18% of the EU's land area. The aim of the network is to assure the long-term survival of Europe's most valuable and threatened species and habitats. Natura 2000 is not a system of strict nature reserves where all human activities are excluded. Development in Natura is defined by clear rules and the emphasis is on ensuring that future management is sustainable, both ecologically and economically. Eighty-two percent of the Rompas-Rajapalot project lies outside of Natura areas. Mawson area permitted to complete all exploration at Rajapalot inside and outside Natura zones. The next permitting step required will come at mining where biodiversity offsets for Natura areas will most probably be required. There are mining projects that have been permitted and are in production in Natura areas within Europe, including Krumovgrad (gold mine Bulgaria), Prosper Haniel (coal mine in Germany) and Mechelse Heide Zuid (sand mine in Belgium). Anglo American is currently permitting the Sakatti Ni-Cu-PGE project for mining in Finland.

### ***Western USA (“WUSA”)***

Mawson has signed Exploration and Option Agreements for one of the largest areas prospective for epithermal gold in Oregon, in the lower mainland USA (150,500 hectares) from an arm's length private landholder (the “Landholder”).

Owing to long term ownership by a single landholder, the region has remained largely unexplored and behind locked gates for more than 150 years. The WUSA Project is highly prospective for high and low sulphidation epithermal gold systems, and, lies adjacent to a 19th century gold rush area. Modern-day placer mining is still being undertaken in the optioned area.

WUSA lies in the central Western Cascade Ranges of Lane and Douglas Counties, Oregon, USA and consists of an area of interest of 150,500 hectares (“Exploration Agreement Area”), of which 68,075 hectares of mineral and land rights (“fee-simple land”) are held by a single landholder (the “Landholder”). Within the Exploration Agreement Area are smaller areas of mineral rights owned by the Landholder (1,447 hectares), the Bureau of Land Management (“BLM”) claims held by the Landholder (333.1 hectares), and BLM claims held directly by Mawson (142.2 hectares).

The Cascade Range in Oregon is underlain by Eocene to Holocene intermediate to felsic volcanic and volcanoclastic rocks erupted along the western margin of North America. Immediately adjacent to Mawson's 150,500 hectare WUSA project lies a well-mineralized district containing multiple mineral deposits including polymetallic veins (Bohemia, a gold-rush mining area discovered in 1858) and historic hot-spring style mercury mines. Placer gold mining is still undertaken within the option area.

Three gold prospects for immediate follow up have been defined to date:

- (i) **Scorpion-Cinnabar**  
A 2.2 km long and up to 400-metre-wide zone where soil geochemical samples regularly exceed 1g/t Au (up to 5.51g/t Au). These gold anomalous soils lie above highly acid altered rocks.
- (ii) **Huckleberry**  
A series of siliceous ridges which trend over 3 kilometres, with high sulphidation vuggy silica textures and acidic steam vents that outcrop for 1,000 metres. Geochemically anomalous rock samples with Sb, As, Hg, Bi, Mo are coincident with classic epithermal alteration zones (alunitic, silicification, argillic and propylitic).
- (iii) **Walker Creek**  
A high-level maar-type low sulphidation epithermal system developed over an area of more than 3 square kilometres. Ten vertical RC holes completed before Mawson's involvement intersected anomalous gold over significant intervals.



Work to date by Mawson on the WUSA Project has consisted of diamond drilling, mapping, soil sampling, regional stream sediment sampling and ground magnetic geophysical surveying.

A total of 4 holes (one abandoned) were completed for 1,033 metres at the Scorpion intermediate-sulphidation and Huckleberry high-sulphidation projects and were reported during the quarter. This was the first diamond drilling program completed at both prospects.

Best results were achieved in the first and only hole drill hole at Scorpion where SDH-001-18 returned:

- 0.6 metres @ 3.25 g/t gold (“Au”), 27.3 g/t silver (“Ag”), 6680 ppm arsenic (“As”), 485 ppm antimony (“Sb”) and 2.8 ppm tellurium (“Te”) from 21.3 metres. The hole targeted strong and widespread surface alteration and an extensive gold in soil anomaly that extends over a 2.2 km long by up to 400 metre-wide area;

Holes at Huckleberry intersected intense siliceous and argillaceous alteration, with wide zones of high pathfinder elements including tellurium. Drill hole HDH-003-18 intersected:

- 15.2 metres @ 16.5ppm Te, 0.34 g/t Ag, 1038 ppm As, 96.4 ppm Sb and from 56.4 metres;

The drilling program at the two prospects intersected wide zones of previously undrilled intense silica, argillic and sulphidic alteration that contain anomalous geochemistry including epithermal geochemical pathfinders, and locally elevated base metals and gold. Follow up work is recommended. Drill permits at WUSA are in place for a more extensive drill program.

Mawson continues to work with a landholder under lease arrangements. The project is of merit, and Mawson is reviewing potential future joint venture, strategic alliance, or corporate transactions for the WUSA project, while focusing on its flagship gold project in Finland.

### ***Future Developments***

A continuing program is recommended at the project with the main goal over the next year to expand the maiden inferred resource at Rajapalot and continue to develop adjacent prospect areas for deep drill testing. Specifically, the recommended work program will consist of:

1. Completion of the 40 hole, 15,000 metre diamond drilling program within the Kairamaat 2-3 permit area by the end of the winter drill season in mid-April, 2019. Assay for gold and multi-element analyses including cobalt to be completed on mineralized drill core, with all assays expected to be delivered by the end of June, 2019.
2. Metallurgical testwork for cobalt and gold to continue with liberation studies and QEMSCAN work to investigate the relationships of the cobalt minerals (cobaltite, linnaeite and cobalt pentlandite) to the gold, sulphide and silicate minerals. These studies are being conducted with the Geological Survey of Finland (GTK) and the Camborne School of Mines (University of Exeter). A significant grant to assist in the metallurgical studies, especially on the cobalt minerals has been received as part of the BATCircle consortium.
3. Ground, fixed loop TEM, measured both on surface lines and down-hole to determine extensions of known mineralization and test for blind targets will continue. Mise-à-la-masse determinations of conductive, gold-bearing intersections to deduce surface and cross-hole continuity of mineralized packages remain underway at the time of writing. A larger TEM and ground gravity program across the larger project is planned for the summer period to target blind mineralization, followed by diamond drilling in summer-permitted areas to test for extensions of the known mineralized area.

## Selected Financial Data

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

	Fiscal 2019			Fiscal 2018				Fiscal 2017
	Feb 28 2019 \$	Nov 30 2018 \$	Aug 31 2018 \$	May 31 2018 \$	Feb 28 2018 \$	Nov 30 2017 \$	Aug 31 2017 \$	May 31 2017 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,997,850)	(709,950)	(466,227)	(708,605)	(939,853)	(381,829)	(467,267)	(491,829)
Other items	35,011	61,481	38,459	2,343	35,008	28,605	(9,702)	73,200
Deferred income tax	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(40,500)
Net loss	(1,962,839)	(648,469)	(427,689)	(706,262)	(904,845)	(353,224)	(476,969)	(459,129)
Other comprehensive income (loss), net	Nil	Nil	Nil	(5,792)	7,845	(1,240)	(6,262)	27,033
Comprehensive loss	(1,962,839)	(648,469)	(427,689)	(712,054)	(897,000)	(354,464)	(483,231)	(432,096)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	4,882,365	7,391,157	9,507,817	11,008,224	14,143,601	3,279,599	3,863,001	4,719,472
Total assets	34,234,281	34,172,023	34,636,624	35,339,680	36,596,660	22,918,185	22,677,589	23,552,740
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended February 28, 2019 Compared to Three Months Ended November 30, 2018*

During the three months ended February 28, 2018 (“Q3”) the Company reported a net loss of \$1,962,839 compared to a net loss of \$648,469 for the three months ended November 30, 2018 (“Q2”), an increase in loss of \$1,314,370. The increase in loss was primarily attributed to share-based compensation of \$1,036,800 in Q3 compared to \$23,800 during Q2 and a \$281,070 increase in legal fees, from \$203,216 in Q2 to \$484,286 in Q3. Legal expenses were higher in Q3 due to the increased services required to prevent establishing new nature conservation areas to cover the Company’s permit areas with respect to the Natura 2000 conservation program.

### *Nine Months Ended February 28, 2019 Compared to Nine Months Ended February 28, 2018*

During the nine month period ended February 28, 2019 (the “2019 period”) the Company reported a net loss of \$3,038,997, an increase of \$1,303,959 from the net loss of \$1,735,038 reported for the nine months ended February 28, 2018 (the “2018 period”). Significant variances in general and administrative expenses and other items are as follows:

- (i) the recognition of share-based compensation from share option and RSU grants of \$1,060,600 in the 2019 period compared to \$84,000 in the 2018 period;
- (ii) professional fees increased by \$122,468, from \$169,072 during the 2018 period to \$291,540 during the 2019 period. During the 2019 period the Company engaged independent consultants for general corporate services and projects in Finland;
- (iii) incurred office expenses of \$102,732 during the 2019 period compared to \$76,695 during the 2018 period. During the 2019 period the Company purchased specialized software for online storage and business networking connections;
- (iv) during the 2018 period corporate advisory fees of \$490,000 were incurred as the Company engaged several consultants for financial advisory services. No financial advisory services were required during the 2019 period;
- (v) rent expense for office premises in Canada and Finland of \$111,390 was incurred during the 2019 period compared to \$67,068 during the 2018 period. The increase in rent reflects rental of a new facility for combined office and storage of drill core and samples in Finland;
- (vi) corporate development increased by \$60,705, from \$92,189 during the 2018 period to \$152,894 during the 2019 period. During the 2019 period the Company attended additional seminars and conferences and initiated market awareness programs;

- (vii) incurred \$254,901 (2018 - \$233,132) for directors and officers compensation charged by the Company's directors and officers. See "Related Party Disclosures"; and
- (viii) legal expenses increased by \$622,723, from \$76,686 during the 2018 period to \$699,409 during the 2019 period due to increased legal representation and services with respect to the Nautra 2000 impact assessment and permitting status.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During the 2019 period the Company reported interest income of \$130,264 compared to \$57,744 during the 2018 period. The increase is due to higher levels of cash held and higher yields obtained during the 2019 period.

### **Financings**

No financings were completed during the 2019 period.

During the 2018 period the Company completed private placement financings of:

- (i) 15,023,285 units of the Company for gross proceeds of \$5,258,150 with each unit consisting of one common share and one-half share purchase warrant; and
- (ii) 19,000,000 units of the Company for gross proceeds of \$8,550,000 with each unit consisting of one common share and one-half share purchase warrant.

The Company paid a total of \$439,635 for finder's fees and costs associated with the private placements and recorded a further \$92,844 for the ascribed value of the compensation options and finder's warrants.

The net proceeds from these financings will be used for exploration on the Company's exploration properties and for working capital and general corporate purposes.

The Company also issued a total of 2,260,445 common shares for proceeds of \$670,134 on the exercise of warrants, finder's warrants and share options.

### **Exploration and Evaluation Assets**

	As at February 28, 2019			As at May 31 2018		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rompas-Rajapalot	2,694,241	23,456,514	26,150,755	2,532,014	20,291,910	22,823,924
Other	302,468	942,378	1,244,846	231,733	275,552	507,285
	<u>2,996,709</u>	<u>24,398,892</u>	<u>27,395,601</u>	<u>2,763,747</u>	<u>20,567,462</u>	<u>23,331,209</u>

During the 2019 period the Company incurred a total of \$4,064,392 (2018 - \$2,943,070) on the acquisition, exploration and evaluation of its unproven resource assets of which \$3,326,831 (2018 - \$2,531,488) was incurred on its Finnish properties and \$737,561 (2018 - \$411,582) on its other properties. Exploration activities were focused on drilling activities and engagement of AMC to prepare the NI43-101 Report at the Rajapalot project area, details of which are described in "Exploration Projects" in this MD&A.

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

As at February 28, 2019 the Company had working capital of \$4,882,365. The Company believes that it has sufficient financial resources to conduct ongoing exploration activities and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. The Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Proposed Transactions

There are no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2018 audited annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies other than:

### *Changes in Accounting Policies - IFRS 9*

The Company adopted all of the requirements of IFRS 9 as of June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9 management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

	Original Under IAS 39		New Under IFRS 9	
	Classification	Carrying Amount	Classification	Carrying Amount
Cash	FVTPL	11,398,105	FVTPL	11,398,105
Accounts receivable	Loans and receivables	139	Amortized cost	139
Investments	Available for sale	29,727	FVTPL	29,727
Accounts payable	Loans and receivables	927,337	Amortized cost	927,337

As the standard permits on transition to IFRS 9, the Corporation has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

On transition, the Company's investments previously classified as available-for-sale have been re-designated fair-value through profit and loss financial instruments. The Company has recorded an adjustment, to opening deficit and accumulated other comprehensive loss, on transition for cumulative loss on these instruments of \$31,876.

The adoption of IFRS 9 resulted in no further impact to the opening accumulated deficit or to the opening deficit on June 1, 2018.

A detailed summary of the Company's other significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2018 audited annual consolidated financial statements.

## Related Parties Disclosures

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

entities transacted with the Company during the reporting period. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During the 2019 and 2018 period the following fees were incurred:

	2019 \$	2018 \$
Management fees - Mr. Hudson - Chairman, CEO and director	124,000	108,000
Professional fees - Mr. Cook - President	156,682	149,933
Professional fees - Mr. DeMare - CFO and director	18,000	18,000
Professional fees - Mr. Henstridge - director	13,500	13,500
Professional fees - Mr. Saxon - director	13,500	13,500
Professional fees - Mr. Maclean - director	13,500	13,500
Professional fees - Mr. Williams - director <sup>(1)</sup>	22,500	18,000
Professional fees - Ms. Bermudez - Corporate Secretary	28,560	22,680
Fees and compensation - Ms. Ahola - director <sup>(2)</sup>	96,023	89,682
	<u>486,265</u>	<u>446,795</u>

(1) Mr. Williams received \$13,500 (2018 - \$13,500) for director fees and \$9,000 (2018 - \$4,500) for being a member of the Advisory Committee

(2) Ms. Ahola received \$13,500 (2018 - \$13,500) for director fees and \$82,523 (2018 - \$76,182) for being a member of the Environmental Health and Safety Committee.

During the 2019 period the Company allocated the \$486,265 (2018 - \$446,795) professional fees and salaries based on the nature of the services provided: expensed \$254,901(2018 - \$233,132) to directors and officers compensation; \$nil (2018 - \$2,800) to general exploration costs; and capitalized \$231,364 (2018 - \$213,663) to exploration and evaluation assets. As at February 28, 2019, \$45,500 (May 31, 2018 - \$38,294) remained unpaid.

The Company has a management agreement with Mr. Hudson, its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at \$14,000 per month, is payable. If the termination had occurred on February 28, 2019, the amount payable under the agreement would be \$420,000.

During the 2019 and 2018 period share-based and RSU compensation was incurred as follows:

	2019 \$	2018 \$
Share-based compensation - Mr. Hudson	135,000	-
RSU compensation - Mr. Hudson	67,500	-
Share-based compensation - Mr. Cook	90,000	-
RSU compensation - Mr. Cook	54,000	-
Share-based compensation - Mr. DeMare	54,000	-
Share-based compensation - Mr. Henstridge	54,000	-
Share-based compensation - Mr. Saxon	54,000	-
Share-based compensation - Mr. Maclean	54,000	-
Share-based compensation - Mr. Williams	54,000	84,000
Share-based compensation - Ms. Bermudez	27,000	-
Share-based compensation - Ms. Ahola	90,000	-
RSU compensation - Ms. Ahola	54,000	-
	<u>787,500</u>	<u>84,000</u>

(b) During the 2019 period the Company incurred a total of \$44,015 (2018 - \$41,000) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$3,015 (2018 - \$3,015) for rent. As at February 28, 2019, \$4,170 (May 31, 2018 - \$4,570) remained unpaid.

In addition, during the 2019 period the Company recorded \$13,500 for share-based compensation for share options granted to Chase.

## **Risks and Uncertainties**

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

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

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

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

## **Outstanding Share Data**

The Company’s authorized share capital is unlimited common shares without par value. As at April 11, 2019 there were 142,391,593 issued and outstanding common shares. In addition, there were 10,270,000 share options outstanding, at exercise prices ranging from \$0.275 to \$0.39 per share and 25,286,635 warrants outstanding at exercise prices ranging from \$0.44 to \$0.65 per share.

## **Disclosure Controls and Procedures**

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

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

## **Internal Control over Financial Reporting**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company’s financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company’s transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company’s consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use



or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of February 28, 2019.

#### **Changes in Internal Control over Financial Reporting**

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on December 1, 2018 and ending on February 28, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.