

MAWSON RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED AUGUST 31, 2014

Background

This discussion and analysis of financial position and results of operations is prepared as at October 10, 2014, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended August 31, 2014 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.

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, 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.

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 or the Company's website at www.mawsonresources.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

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 Pinksheets under the symbol "MWSNF.PK".

Mawson is an exploration and development company with precious metal interests in the Nordic countries. Mawson's exploration focus is on the Rompas-Rajapalot gold and uranium project in Finland. Mawson is managed by resource industry professionals with significant exploration and capital market expertise.

Mawson is focussed on two target areas at Rompas-Rajapalot:

1. A primary target of disseminated gold mineralization at Rajapalot, where discovery of high grade and thick core sample results include 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006 and 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres) and 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005. This disseminated mineralization is coincident with geophysical anomalies that extend for more than 4 kilometres and has only been drilled to 30 metres maximum depth with a hand portable core sampler. In October 2014, new shallow core sample results 300m south of Palokas included 2.0m @ 9.1 g/t gold from 25.4 metres from PRAJ0070.
2. The Company's secondary target is the Rompas vein-style target area. The first drill program at South Rompas included the highlight of 6 metres at 617 g/t gold from 7 metres in drill hole ROM0011 which

includes 1 metre at 3,540 g/t gold from 11 metres depth. The second drill program, conducted over the winter (December 2012 - January 2013) confirmed the presence and variable continuity within metabasalts of high grade, nuggety gold at both North and South Rompas and included results from North Rompas of 0.4 m at 395 g/t gold and 0.41% uranium in drill hole ROM0052 and at South Rompas the top 24% all assays from trenches and drilling now grade 100 g/t or more.

At this very early stage of exploration, Mawson now has indications of a mineral system that has deposited high-grade gold within an area approaching 10 km by 10 km. This is significant on a global scale.

Exploration Projects

Finland

In Finland, as at the date of this MD&A, the Company has 108 granted claims and 2 granted exploration permits (currently under one administrative appeal by a non-governmental organization) of 10,330 hectares and 1,462 hectares respectively at Rompas/Rajapalot. In addition, 13 granted claims at Rumavuoma totalling 1,292 hectares were also under appeal. The Company has staked additional claim applications, exploration permit applications and reservations in the Rompas area with potential for gold. In addition the Company holds 9 claim reservations throughout Finland. Details are shown in the following table.

Status of Mawson's Claims in Finland

	<i>Number of Claims</i>	<i>Number of Reservations</i>	<i>Area (ha)</i>	<i>Status</i>
Rompas-Rajapalot Trend				
Rompas	108	-	10,330	Granted Claims
Rompas	710	-	63,468	Applied Claims
Rumavuoma*	13	-	1,292	Granted Claims
Kairamaat 2-3*	2	-	1,462	Exploration Permit
Kairamaat 1, Kultamaat, Hirvima, Raja	4	-	5,355	Exploration Permit Application
Finland Other	-	9	117,740	Granted Reservations
Metsäkylä, Kompsakumpu	2	-	2,356	Exploration Permit Application

*Under administrative appeal

Rompas-Rajapalot Gold and Uranium Project

The Rompas-Rajapalot project is a new discovery in Northern Finland where high-grade gold and uranium have been found within an area approaching 10 km by 10 km.

Rajapalot Disseminated Gold Project

Rajapalot is located 8 kilometres to the east of the Rompas vein trend. The style of mineralization at Rajapalot is predominately sulphidic and of a disseminated or replacement style, which differs from the nuggety vein style observed at Rompas. Rajapalot is the primary target area for the Company.

Surface sample highlights 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 52 grab samples from the Rajapalot prospect to date average 152.8 g/t gold and range from 0.001 g/t to 2,817 g/t gold. All samples are prospecting grab samples. These are selective by nature and are unlikely to represent average grades on the property.

Discovery grab samples from the Rajapalot project returned gold mineralization from three distinct areas, namely the Palokas, Joki and Rumajärvi prospects. The areas were targeted with regional geophysics and surface soil geochemistry. Rumajärvi lies 1.5 kilometres south of Palokas, while Joki is located 1 kilometre southeast of Palokas. Each prospect area is characterized by minor outcrop on a topographic high, within a predominantly swampy terrain and therefore very little in situ bedrock has been located. Little outcrop has been found between the prospect areas. As the same mineralized rock types occur in outcrop, the glacial boulders sampled and reported here are considered to be proximal to their source.

In October 2013, Mawson announced the first core test of Rajapalot from the Palokas prospect. Drilling intersected 9 metres at 10.2 g/t gold from surface, including 3 metres at 27.5 g/t gold in hole PRAJ0003. Palokas is part of the

Rajapalot area, located 7 kilometres east of our drilling in the vein style mineralization at Rompas. Further high grade, thick and near-surface core sample results in November 2013 and January 2014 included 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006; 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres); 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005; 19.0m @ 2.3 g/t gold from 8.0 metres from PRAJ0022; and 8.7m @ 4.6 g/t gold from 16.9 metres from PRAJ0025.

Multi-element analyses from all core sample holes from the Palokas project at Rajapalot (holes PRAJ0003 to PRAJ0025) shows consistently low uranium (weighted average through quoted intersections is 36ppm uranium and 5.2g/t gold) and high cobalt grades associated with gold mineralization. Cobalt also forms a broader halos around lower (>0.1 g/t) grade gold mineralized zones. The low uranium grades drilled at Palokas also support the concept of both gold-rich and uranium-rich styles occurring within the Rompas-Rajapalot mineral field.

In early September 2014 the Company was permitted to drill across the entire Palokas trend at Rajapalot in Finland with a hand portable core sampler. Drilling commenced approximately 300 metres south of Palokas prospect. Results from the first 6 shallow drill holes were made available in early October 2014. These results tripled the drilled gold mineralized footprint at Palokas, with 5 holes out of 6 holes intersecting significant gold mineralization. All discoveries made under 4-5 metre thick glacial till deposits and remains open in all directions. Hole PRAJ00075 stopped in mineralization. Highlighted intersections included:

- 2.0m @ 9.1 g/t gold from 25.4 metres from PRAJ0070; and
- 3.0m @ 5.1 g/t gold from 8.7 metres from PRAJ0073;
- 1.0m @ 14.7 g/t gold from 16.3 metres from PRAJ0072;

Sampling is coincident with and immediately up-dip from modelled VTEM geophysical conductors and strong and consistent IP chargeability anomalies through an area with <1% outcrop, and forms part of a 3.5 kilometre target horizon between basaltic and quartzitic rocks. The average depth of holes reported is 29 metres. Uranium is consistently low grade through all holes drilled and averaged 20-30 ppm uranium. The true thickness of the mineralized interval is interpreted to be approximately 80% of the sampled thickness.

Drilling was performed with a Company-owned and operated, hand portable, low impact rig, below 2-5 metres of glacial till overburden in the vicinity of gold bearing glacial boulders and subcrop. The plan is to drill within an area of 1.2 kilometres strike by up to 1.0 kilometres across strike. It is estimated between 25 individual core sample sites will be tested until October 31, 2014 with drilling being undertaken 24 hours per day, 6 days a week. The maximum depth of each hole is approximately 40 metres, while the average of hole drilled to date is 29 metres depth. Initial results reported here are from 6 holes with assays returned. A total of 12 holes have been drilled to date, with the next 6 holes located 1.1km SSW of Palokas. The current drill program is scheduled to be complete at the end of October.

Geochemical sampling at Rajapalot is coincident with a versatile time domain electromagnetic (“VTEM”) geophysical conductor that extends for more than 500 metres through an area with <1% outcrop, and forms part of a 3.5 kilometre target horizon between basaltic and quartzitic rocks. In addition, gradient array induced polarization (“IP”), pole-dipole IP and ground magnetic surveys have been completed at Rajapalot. The geophysical surveys tested 5 kilometres of target horizon along strike from the drill area at Palokas. Interpretation of the surveys identified multiple near-surface and high priority targets that extend to depth immediately along strike, and extending up to 4 kilometres from the drilled high grade and thick drill results discovered from surface Pole-dipole induced polarization geophysical anomalies extend beyond the 150 metre nominal depth limit of the survey.

Fine disseminated gold mineralization at Palokas occurs within calcsilicate-biotite-tourmaline-pyrrhotite rocks in a contact zone between mafic rocks and relatively oxidized quartzites. The true thicknesses of the mineralized intervals is interpreted to be approximately 80% of the sampled thickness.

Rompas Vein Gold Project

The initial discovery area, Rompas, is a hydrothermal vein style system defined over a 6.0 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 to the end of the period Mawson has 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 drillhole of the program; and 1.1 metres @ 9.8 g/t gold and 0.16% uranium from 78.5 metres in drill hole ROM0053.

Drilling at the Kaita prospect at the most southern end of the Rompas vein system did not intersect mineralization of economic interest. A 13 diamond drill hole program for 784.2 metres campaign was conducted during September-October of 2013. The best diamond drill result was 1m @ 4.9 g/t gold from 49 metres in KD0009. Better surface diamond cut trench results from Kaita included 1.65 metres @ 29.1 g/t gold in TR107465; 1.2 m @ 27 g/t gold in TR118401, 0.4 m @ 132 g/t gold in TR118407 and 1.5 m @ 42.2 g/t gold in TR118425.

With only 450 metres of the plus 6 kilometre vein system sporadically tested to date down to less than 80 metres vertical depth, the most encouragement has come from the northern block of South Rompas vein system, with both prospect scale shallow drilling and trenching defining a coherent mineralized sequence. South Rompas is characterized by gold mineralization constrained to one specific host rock type (metabasalt) within a broader uranium halo. Within this halo the:

- top 24% of all trench and drill assays above the lower cut of 0.5 g/t gold or 100 ppm uranium, have a grade of 100 g/t or more and the top 24% of all intersections have a grade of 0.42% uranium or higher;
- top 25% of drill intersections only have a grade of 7.7 g/t or higher;
- highest grade drill hole intersection is 3,540 g/t gold over 1 metre. The highest grade uranium intersection is 3.6% uranium over 0.6 m in a trench. The highest grade drill intersection grade of 0.7% uranium over 1.0 metres;
- mineralization in the vein system, to date, is characterized by narrow intersection widths of 1-2 metres with an average of 0.9 metre thickness;
- drilling, to date, has been shallow with 46% of intersections at 20 metres down hole depth or less; and
- 11 out of 13 holes drilled in 2013 winter drill program at South Rompas had at least one intersection that exceeded lower cut 0.5 g/t gold or 100 ppm uranium.

The host sequence to the Company's second target area, the Rompas vein-style mineralisation, comprises a package of amphibolite facies metamorphosed basalts, clastic sediments, carbonate rocks and reduced shales of the Paleoproterozoic Peräpohja Schist Belt in southern Lapland. Mineralized intersections to date are largely within metabasaltic rocks. Detailed field mapping and logging of drill core indicate the gold and uraninite at Rompas is hosted by carbonate-quartz-calcsilicate veins and their related alteration selvages. The calcsilicate veins comprise carbonate, quartz, amphibole and pyroxene with highly variable amounts and distribution of uraninite and gold. Alteration of the host rock marginal to the veins comprises biotite, amphibole and some K-feldspar. The gold and uraninite are typically found intimately associated at North and South Rompas, although rare elevated Uranium intersections contain little or no gold. The carbonate veins within the host clastic sequence appear identical to those within the metabasalts, indicating perhaps a structural or wall rock control on the precipitation of the gold and uraninite. Further work to identify the controls on mineralization is being conducted in association with the Geological Survey of Finland ("GTK").

After consultation with the mining and environmental authorities a decision was also made to leave handling of the Kairamaat 1 area, which includes the Rompas vein-style prospects, to a later date to allow for additional background data to be collected and further discussions with stakeholders. Therefore at this stage, the Company is focussing its efforts on the Rajapalot project area which it discovered in September 2012.

Rompas-Rajapalot Regional Exploration Project

Over a larger area, the extensive data collected from Rompas during the last four field seasons has provided an excellent understanding of the exploration potential. Mawson has collected a total of 2,808 surficial soil and till samples over an area exceeding 55 km by 30 km. Sample spacing has ranged from 1 km to 250 metres. Known gold mineralization correlates well with surficial soil anomalies and many untested surface targets remain over a larger area.

Surface prospecting, using radiometric methods as a pathfinder for gold, have defined high-grade gold mineralization over a 100 km² area, where less than 5% of rock outcrops. Mawson's geochemical rock chip, grab and channel sample database over this large area now contains 1,171 samples which average 212 g/t gold and 0.8% uranium. Of the 1,171 samples, 84 samples assay more than 100 g/t gold. Gold values range from 33,320 g/t gold to <0.001 g/t gold and uranium values from 49.5% to <4 ppm. Channel samples are considered representative of the in situ mineralization sampled, while grab samples are selective by nature and are unlikely to represent average grades on the property.

Importantly, about 90% of the Rompas-Rajapalot project area is below soil and till cover which, at up to five metres thick, is too thick for the discovery of near-surface radiometric occurrences and exploration is at its very earliest of stages.

At this very early stage of exploration, Mawson has now identified a mineral system that has deposited high-grade gold within an area approaching 10 km by 10 km. This is very significant on a global scale.

An updated NI 43-101 technical report dated August 27, 2014 on the Rompas property is filed on www.sedar.com.

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 three years of flora and water base line studies and environmental impact 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.

For the recent core sampling program at Rajapalot, Mawson has completed biological mapping of all areas where drilling will take 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 placement of walkways to reduce foot traffic.

Certain areas of the Rompas-Rajapalot areas (namely claim areas Kairamaat 1-3) are defined as European Union Natura 2000 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 nearly 26,000 sites in the 27 EU countries, established under the 1992 Habitats Directive and covering almost 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. Whereas the network will certainly include nature reserves, most of the land is likely to continue to be privately-owned and the emphasis will be on ensuring that future management is sustainable, both ecologically and economically.

For the 10,580 hectares at Rompas, the Company is entitled to 100% of the mineral rights over the entire claim with certain limitations on exploration methods that can be completed in Natura 2000 areas (approximately 20% of the Company's granted claim area) within the exploration claims, including no large scale drilling or trenching. A decision was made in early July 2014 by the Finnish Safety and Chemical Agency ("TUKES") to grant modified and renewed exploration claims titled Kairamaat 2 and 3 that cover a surface area of 1,462 hectares at Mawson's Rajapalot gold project in northern Finland, that entitles Mawson drill access during winter conditions within Natura 2000 biodiversity areas. The decision will take legal effect after a standard public appeal process.

Mawson has been dealing with certain Finnish environmental authorities in regards to work completed during the 2010 and 2011 field programs. The issue involves allegations that the Company's hand dug trenches from these programs have affected the nature values of the area where the work was undertaken. The Company has now been

informed that the investigative process is complete and the prosecutor has reviewed the investigative material and referred the matter to trial, with the case to be heard in the Kemi-Tornio District Court during October 2014. Mawson is pleased the case is advancing and will be handled through a formal legal process. Mawson believes the claims made are without merit and will vigorously defend itself and its employees. Mawson has always maintained that hand digging has no material impact on the nature values of the area in question. Mawson believes it conducted its operations within the intent and law of the Mining and Nature Conservation Acts.

Sweden

As at August 31, 2014, the Company holds a total of 3 claims covering 9,544 hectares in Sweden.

Future Developments

Upcoming future developments at Rompas-Rajapalot include:

- The Mawson Board has approved a budget for summer-autumn June-December 2014 of \$1,800,000.
- The 2014 summer-autumn exploration will include diamond drilling, surface geophysics, geological mapping and further prospecting work.
- Reconnaissance prospect diamond drilling is ongoing with a small in-house diamond drill rig testing geological and geochemical targets inside of the Natura 2000 biodiversity area and along strike from previously discovered mineralization. The rig will operate continuously and is expected to drill 10-15 holes per month with an average depth of 20-30 metres.
- Metallurgical test work has commenced on Palokas drill core at SGS Minerals Services UK Ltd.
- In addition to the on-the-ground work programs, numerous scientific studies on the gold and uranium mineralization at Rompas-Rajapalot are ongoing. This includes ore geology research of gold deposits with unconventional metal associations by the GTK which has led to major advances in the understanding of the Rompas gold and uranium mineralization and its regional implications. The GTK and University of St. Andrews in Scotland are leading studies on the relationship between the gold formation, carbon and sulphur. In addition, dating of molybdenite associated with gold mineralization at Palokas and Rompas is ongoing, as is one Finnish PhD and two Master's theses.
- Mid-term plan is to undertake a winter drill program of 15-20km deep diamond drilling at Palokas commencing December 2014 (subject to permitting).

Qualified Person

The qualified person for Mawson's projects, Mr. Michael Hudson, the Company's President and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

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

	Fiscal 2015	Fiscal 2014				Fiscal 2013		
	Aug 31 2014 \$	May 31 2014 \$	Feb 28 2014 \$	Nov 30 2013 \$	Aug 31 2013 \$	May 31 2013 \$	Feb 28 2013 \$	Nov 30 2012 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(468,887)	(430,108)	(498,073)	(1,474,946)	(655,322)	(574,673)	(670,567)	(649,549)
Other items	7,593	(119,213)	41,935	43,354	(59,145)	44,585	22,172	38,995
Deferred income tax	Nil	Nil	Nil	Nil	Nil	(50,000)	13,400	(5,400)
Net loss	(461,294)	(549,321)	(456,138)	(1,431,592)	(714,467)	(580,088)	(634,995)	(615,954)
Other comprehensive (loss) income, net	(17,156)	(71,309)	102,000	(37,250)	Nil	(41,625)	(121,025)	(131,600)
Comprehensive loss	(478,450)	(620,630)	(354,138)	(1,468,842)	(714,467)	(621,713)	(756,020)	(747,554)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Fiscal 2015	Fiscal 2014				Fiscal 2013		
	Aug 31 2014 \$	May 31 2014 \$	Feb 28 2014 \$	Nov 30 2013 \$	Aug 31 2013 \$	May 31 2013 \$	Feb 28 2013 \$	Nov 30 2012 \$
Balance Sheet:								
Working capital	4,103,178	5,049,246	6,047,134	6,874,019	6,457,266	4,947,254	6,305,321	7,946,641
Total assets	15,568,317	15,910,150	16,505,727	16,812,585	15,945,706	14,016,128	14,937,634	15,552,720
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended August 31, 2014 Compared to Three Months Ended May 31, 2014

During the three months ended August 31, 2014 (the “Q1”) the Company reported a net loss of \$461,294 compared to a net loss of \$549,321 for the three months ended May 31, 2014 (the “Q4”), a decrease in loss of \$88,027. The primary factor for the decrease in loss is attributed primarily to a \$142,799 impairment recognition to exploration and evaluation assets in Q4 compared to \$nil in Q1.

Three Months Ended August 31, 2014 Compared to Three Months Ended August 31, 2013

During the three months ended August 31, 2014 (the “2014 period”) the Company reported a net loss of \$461,294 (\$0.01 per share), a decrease of \$253,173 from the net loss of \$714,467 (\$0.01 per share) for the three months ended August 31, 2013 (the “2013 period”). The decrease is primarily attributed to a \$94,894 impairment of exploration and evaluation assets in the 2013 period, compared to \$nil in the 2014 period, and a general decrease in expenses by \$186,435, from \$655,322 during the 2013 period to \$468,887 during the 2014 period as the Company scaled back its corporate and general exploration activities.

Total expenses decreased by \$186,435, from \$655,322 during the 2013 period to \$468,887 during the 2014 period. Specific expenses of note during the 2014 period are as follows:

- incurred a total of \$22,422 (2013 - \$35,147) for accounting and administrative services of which \$17,000 (2013 - \$15,300) was provided by Chase Management Ltd. (“Chase”), a private corporation owned by a director of the Company and \$5,422 (2013 - \$19,847) provided by external accounting services in Sweden and Finland. During the 2014 period the accounting function in Sweden was provided by a consultant, who also provided other services to the Company, and has been included in professional fees;
- incurred general exploration expenditures of \$20,157 (2013 - \$74,385) relating to ongoing general exploration and property due diligence in Sweden and Finland. Fluctuations in general exploration expenditures is primarily affected by allocations to direct property costs;
- incurred fees totalling \$16,937 (2013 - \$20,575) for the audit of the Company’s year-end financial statements and other professional services provided by the external auditors;
- incurred \$129,873 (2013 - \$139,877) for professional services, which includes \$37,500 (2013 - \$37,500) for professional fees charged by directors and officers and \$92,373 (2013 - \$102,377) for professional fees charged by consultants for administrative and accounting services;
- incurred \$42,000 (2013 - \$40,500) for management fees charged through Sierra Peru Pty (“Sierra”) for remuneration of Mr. Michael Hudson as the Company’s President and CEO;
- incurred salaries and benefits of \$52,552 (2013 - \$97,130) for staff in the mining offices in Finland and Sweden and corporate offices in Canada. The \$44,578 decrease in the 2014 period is attributed to the Company maintaining minimal operations in Sweden with fewer employees;
- incurred rent expense of \$12,454 for office premises in Canada, Finland and Sweden. During the 2013 period the Company incurred rent expense of \$40,675 which, in addition to office rent in Canada, Finland and Sweden, included \$4,800 for office rent in Australia and \$15,346 for temporary short-term living accommodation for the Vice-President of Exploration to oversee the Company’s operations in Finland.

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 2014 period the Company reported interest income of \$16,531 compared to \$18,334 during the 2013 period.

During the 2014 period the Company reported other income of \$7,734 (2013 - \$8,717) from the rental of its apartment in Peru.

Financing

No financing activities were conducted during the 2014 period. Subsequent to the 2014 period, on October 10, 2014 the Company completed a non-brokered private placement of 9,124,243 units of the Company at \$0.33 per unit for gross proceeds of \$3,011,000. The net proceeds from the financing will be used to advance exploration work on the Company's Rompas-Rajapalot Project in Finland and for general working capital purposes.

During the 2013 period the Company completed the first tranche of a private placement and issued 5,710,417 units for gross proceeds of \$2,569,687. On September 9, 2013 the Company completed the final tranche of the private placement for 3,634,000 units for gross proceeds of \$1,635,300. All proceeds were used to advance exploration and cover corporate overhead.

Investments

The Company's holdings in the common shares of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value. During the 2014 period the Company recorded a comprehensive loss of \$16,672 for the decrease in the fair values of the investments. There were no changes in the fair values of investments in the 2013 period. As at August 31, 2014 the quoted market values of the 3,500,000 Hansa Resources Limited common shares was \$87,500; the 75,000 Tumi Resources Limited common shares was \$6,750; and the 600,000 Thomson Resources Ltd. common shares was \$13,388.

Exploration and Evaluation Assets

	As at August 31, 2014			As at May 31 2014		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland - Gold Projects	2,021,358	8,437,751	10,459,109	2,002,170	7,978,393	9,980,563
Sweden - Other Projects	32,412	1,344	33,756	33,020	1,344	34,364
	<u>2,053,770</u>	<u>8,439,095</u>	<u>10,492,865</u>	<u>2,035,190</u>	<u>7,979,737</u>	<u>10,014,927</u>

During the 2014 period the Company incurred a total of \$492,056 (2013 - \$561,689) on the acquisition, exploration and evaluation of its unproven resource assets, of which \$492,664 (2013 - \$522,743) was incurred on its Finnish Projects and \$nil (2013 - \$38,946) on its Swedish projects. In addition during the 2014 period the Company recovered \$608 (2013 - \$139,389) on mining permits relinquished on its Swedish projects and recorded an impairment of \$nil (2013 - \$94,894) on its exploration and evaluation assets in Sweden. Details of the exploration activities conducted during the 2014 period are described in "Exploration Projects" in this MD&A.

Cash Flows

During the 2014 period cash decreased by \$811,153. Operations utilized \$404,052; and investing activities, for expenditures on exploration and evaluation assets, utilized \$407,101.

During the 2013 period cash increased by \$1,600,130. Operations utilized \$583,892, investing activities, for expenditures on exploration and evaluation assets, utilized \$359,220 and financing activities, from equity financing, generated \$2,543,242.

Financial Condition / Capital Resources

As at August 31, 2014, the Company had working capital of \$4,103,178. The Company believes that it has sufficient financial resources to conduct anticipated exploration programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. 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.

Subsequent to August 31, 2014 the Company raised a further \$3,011,000 from the completion of a private placement of 9,124,243 units.

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. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the May 31, 2014 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

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.

(a) Transactions with Key Management Personnel

During the three months ended August 31, 2014 and 2013 the following amounts were incurred with respect to the Company's President (Mr. Michael Hudson), Chief Financial Officer (Mr. Nick DeMare) and Vice-President of Exploration (Mr. Nick Cook):

	2014 \$	2013 \$
Management fees - Mr. Hudson	42,000	40,500
Professional fees - Mr. DeMare	7,500	7,500
Professional fees - Mr. Cook	51,681	48,479
Rent for apartment - Mr. Cook	-	15,346
	<u>101,181</u>	<u>111,825</u>

Professional fees of \$51,681 (2013 - \$48,479) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at August 31, 2014, \$48,262 (2013 - \$32,199) of the above amounts remained unpaid.

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 \$15,000 per month, is payable. If the termination had occurred on August 31, 2014, the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

- (i) During the three months ended August 31, 2014 and 2013 the following amounts were incurred with respect to the Company's non-executive directors (Messrs. David Henstridge, Gil Leathley, Mark Saxon, and Colin Maclean) and Corporate Secretary (Ms. Mariana Bermudez):

	2014 \$	2013 \$
Salaries and benefits - Ms. Bermudez	16,250	14,250
Professional fees - Mr. Henstridge	7,500	7,500
Professional fees - Mr. Leathley	7,500	7,500
Professional fees - Mr. Saxon	7,500	7,500
Professional fees - Mr. Maclean	7,500	7,500
	<u>46,250</u>	<u>44,250</u>

As at August 31, 2014, \$25,000 (2013 - \$27,500) of the above amounts remained unpaid.

- (ii) During the three months ended August 31, 2014 the Company incurred a total of \$17,000 (2013 - \$15,300) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare, and \$1,005 (2013 - \$1,005) for rent. As at August 31, 2014, \$14,170 (2013 - \$8,470) remained unpaid.
- (c) During the three months ended August 31, 2014 the Company recovered \$27,159 (2013 - \$31,607) for shared office personnel and costs from Tasman Metals Ltd. ("Tasman"), Tinka Resources Limited and Flinders Resources Limited, public companies with common directors and officers. As at August 31, 2014, \$5,000 (2013 - \$3,250) of the amount remained outstanding.

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 raised on the Rompas property. See also "Exploration Projects - Finland - Environment". 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 or the Company's website at www.mawsonresources.com.

Investor Relations Activities

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website (www.mawsonresources.com) on a continuous basis.

The Company has retained Albis to provide market awareness and investor relations activities. During the three months ended August 31, 2014 the Company paid Albis a total of \$8,500 (2013 - \$9,000). The arrangement may be cancelled by either party on 30 days notice.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at October 10, 2014 there were 74,549,971 issued and outstanding common shares. In addition, there were 4,450,000 share options outstanding, at exercise prices ranging from \$0.45 to \$1.30 per share and 9,234,328 warrants outstanding at exercise prices ranging from \$0.50 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 Controls and Procedures over Financial Reporting

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal controls over financial reporting. In the course of evaluating internal controls over financial reporting as at August 31, 2014 management has identified the following material weaknesses:

- (a) there is limited segregation of duties which could result in a material misstatement in the Company's financial statements. Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. However, none of these segregation of duty deficiencies resulted in material misstatement to the financial statements as the Company relies on certain compensating controls, including periodic substantive review of the financial statements by the Chief Executive Officer, Audit Committee and Board of Directors.
- (b) on occasion, the Company undertakes complex and non-routine transactions. These are sometimes extremely technical in nature and require an in-depth understanding of IFRS. The Company's accounting staff have a reasonable knowledge of the rules related to IFRS but may not have the in-depth understanding required to properly account for these non-routine transactions. To address this risk, the Company consults with its third party advisors as needed in connection with the recording and reporting of complex and non-routine transactions.

It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. The control framework the officers used to design the Company's internal control over financial reporting is the *Internal Control - Integrated Framework* ("COSO Framework") published by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company has sufficient internal controls over its financial reporting, as defined in 52-109, and the Company's internal controls over its financial reporting are effective to meet the requirements regarding the reliability

of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company is required to disclose herein any change in the Company's internal control over financial reporting that occurred during the period beginning on June 1, 2014 and ending on August 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.