

# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2011

### Background

This discussion and analysis of financial position and results of operation is prepared as at January 13, 2012, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended November 30, 2011 of Mawson Resources Limited ("Mawson" or the "Company"). The Company has adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with IFRS. All comparative information provided is in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.mawsonresources.com](http://www.mawsonresources.com).

### Adoption of International Financial Reporting Standards ("IFRS")

The Company's financial statements and the financial data included in the interim MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are expected to be effective for the fiscal year ending May 31, 2012, the Company's first annual reporting under IFRS. The adoption of IFRS does not impact the underlying economics of the Company's operations.

The IFRS accounting policies set forth in Note 4 of the condensed consolidated interim financial statements have been applied in preparing the financial statements for the six months ended November 30, 2011 and comparative information as at and for the six months ended November 30, 2010, as at and for the year ended May 31, 2010 and an opening Statement of Financial Position as at June 1, 2010. Notes 3 and 16 to the condensed consolidated interim financial statements contains a detailed description of the Company's adoption of IFRS, and a reconciliation of the financial statements previously prepared under Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to those under IFRS. The adoption of IFRS has not had an impact on the Company's strategic decisions, operations, or cash flows. Further information on the IFRS impacts is provided in the Accounting Changes and Pronouncements section of this MD&A as well as in Note 16 to the unaudited condensed consolidated interim financial statements.

Comparative information in this interim MD&A has been restated to comply with IFRS requirements, unless otherwise indicated.

### Company Overview

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

Mawson is a resource acquisition and development company with metal and energy interests. It has distinguished itself as the leading Scandinavian gold and uranium exploration company, with a focus on the recently discovered high-grade Rompas gold-uranium deposit in northern Finland and a portfolio which includes various uranium resource projects in Sweden and Finland.

Mawson is also active in South America, with the focus being the recently discovered, gold-copper Alto Quemado project in southern Peru.

### Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company

disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

## Corporate Update

Mawson's largest shareholders (Sentient Group, Areva NC, Pinetree Capital Ltd and insiders) hold close to 50% of the outstanding common shares of Mawson. Mawson's flagship Rompas gold plus uranium project in northern Finland was acquired in April 2010 through a transaction with Areva NC ("Areva"), one of the world's largest integrated nuclear companies. Mawson acquired Areva's Finnish exploration portfolio and database for \$1.4 million. Areva then subsequently purchased a \$1.4 million private placement of common shares and warrants of the Company.

Mawson is well financed, with approximately \$9,600,000 in cash and cash equivalents and short-term investments as of the date of this MD&A.

Mawson's senior management, collectively, has over 100 years of geological experience and three Directors add another 110 years of geological and mine engineering experience. Additionally, the Company has formed an Advisory Board to counsel the Company's CEO and corporate Board of Directors in matters related to continuing exploration and development of its exploration projects. Three initial appointees to the Advisory Board bring considerable depth of experience in European uranium and gold exploration, business development and financial matters. The three initial appointees to the Advisory Board are:

- Dr. Claude Caillat PhD (Geology). Dr Caillat is currently the Senior Expert Geologist for Areva NC's Mining Business Unit based in Paris.
- Mr. Colin Maclean B.A. (First Class Honours Geology). Mr. Maclean is Deputy Chairman and a founding partner of Sentient.
- Mr. Phillip Williams B.Comm., CFA (Commerce). Mr. Williams has 10 years financial market experience with a focus on junior resource companies.

In December 2011 Mawson announced it signed a binding letter of intent agreement (the "Tournigan LOI") with Tournigan Energy Ltd. (TSXV: TVC) ("Tournigan") whereby Tournigan will acquire seven of Mawson's uranium exploration projects located in Sweden and Finland for aggregate consideration of 53,639,848 common shares of Tournigan (the "Tournigan Shares"), representing approximately 20.5% of Tournigan's issued capital post-closing of the transactions. The seven uranium projects that Tournigan will acquire are the Hotagen, Duobblon, Kapell and Aronsjö projects in Sweden and the Riutta, Asento and Nuottijärvi projects in Finland.

Pursuant to the Tournigan LOI AREVA, ranked first in the global nuclear power industry, a key player in uranium mining and one of Mawson's largest and most significant shareholders, participated in an exclusive private placement with Tournigan, entered into a Technical Services Agreement and nominated a representative to the Tournigan board. Subsequently, Tournigan intends to change its name to "European Uranium Resources Ltd." and complete a consolidation of its shares on a 1 new for 5 old basis.

Additionally, Mawson also announced it is undertaking a spin-out of its Peruvian assets (the "Spin-Out") that would reorganize the business and capital structure of Mawson into two separate public companies. Pursuant to the proposed Spin-Out, Mawson has incorporated a new subsidiary, Darwin Resources Corp. ("Darwin"), to which it will transfer all of the outstanding shares of Mawson Peru S.A.C. and its option to earn a 100% interest in Altynor Peru S.A.C. Darwin will own a highly prospective early stage portfolio of Cu-Au Peruvian assets that include the Alto Quemado (Cu-Au), Huatiapa (Cu-Au), Carrizales (Cu), Vicunas (Au) and Luminaria (Au) projects. In addition, Darwin will have a 100% interest in one of the strongest exploration databases in Peru.

Both these transaction will allow Mawson to focus on the development of its flagship Rompas property in Finland.

The shares of Darwin and Tournigan will be distributed to shareholders of Mawson as a return of capital by way of a plan of arrangement (the "Arrangement") under the Corporations Act (British Columbia). The Arrangement will be voted on at a special meeting of shareholders of Mawson which is anticipated to be held in March 2012, and will be subject to numerous conditions including shareholder and court approval, approval by, and listing of the Darwin shares on either the TSX Venture Exchange or the TSX and completion of all required regulatory filings. Further details on these transactions will be announced as soon as all the legal, tax and procedural formalities are finalized.

## Scandinavian Projects

Mawson's exploration focus in Scandinavia is on the Rompas gold-uranium project in Finland. A number of uranium properties in Sweden and Finland, at various stages in exploration from grass roots to having NI 43-101 compliant resources, complete the Scandinavian portfolio.

### *Finland*

In Finland, as at the date of this MD&A, the Company has 110 granted claims at Rompas and 12 granted claims elsewhere in Finland totalling 10,580 hectares and 979.8 hectares respectively. The Company has staked additional claim applications for a total landholding in Finland of 77,305 hectares with potential for gold and uranium, as shown in the Table 1.

On November 2, 2011, Mawson announced that TUKES, the relevant Finnish authority, granted 110 claims in the Rompas project area (Karsikkovaara 1-17, Rompas 1-46 and Kaunismaa 1-47) subject to various conditions. The total surface area of the claim areas is 10,580.23 hectares. The decision will take legal effect after a standard public appeal process.

The granting decision outlined details of the granting of the mineral rights over the entire claim area to Mawson once the decision takes legal effect; and limitations on exploration methods that can be completed in the Natura 2000 areas within the exploration claims, including no drilling or trenching due to the presence of specific flora. The Natura 2000 area over the known 6 km mineralized zone is small and covers 254 hectares but overlies approximately 70% of the trend. There are also other Natura 2000 areas in the claim area. Mawson is entitled to apply for a modification of this decision by conducting an environmental program (a Natura 2000 assessment) to address these observations in order to obtain permission to conduct drilling and trenching in these areas.

Subsequently, as announced on December 2, 2011, five appeals against the granting of the claims were lodged. A standard review process under Finnish law is now underway to assess the validity of the appeals. The estimated time for this process is two to three months. Should the review process deem the appeals to be invalid the granted claims will take legal effect. Alternatively, should any of the appeals be deemed to hold sufficient validity then they will be heard in Finnish appeal court system during 2012.

Table 1. Status of Mawson's Claims in Finland.

	No. of Claims	Area (ha)	Status
Rompas trend			
Rompas	110	10,580.2	Granted*
Rompas	684	60896.7	Application
Rumavuoma	13	1,292.0	Application
Mustamaa	1	93.6	Granted
Sub-total	808	72,862.5	
Others			
Asento	37	3,556.6	Application
Nuottijärvi	1	96.0	Granted
Riutta	10	790.2	Granted
Finland	856	77,305.3	

\*Granted on October 31, 2011 but the granting decision will take legal effect after a standard public appeal process

Mawson acquired Areva's exploration portfolio as part of the transaction of April 2010. Rompas is the key focus, but the portfolio includes other prospects and properties. Subsequently, Mawson has significantly increased its tenure at the 100% owned Rompas property. The large claim area at Rompas includes the Rumavuoma gold-uranium and Mustamaa gold-uranium prospects.

Other areas acquired from Areva are the *Riutta* granted claims in south eastern Finland which comprise 10 claims for approximately 790 hectares, and the *Asento* claims, located near to the Rompas area, which consist of 37 claim applications for approximately 3,556 hectares. In other areas the Company holds two granted claims for 196 hectares.

In December 2011 Mawson signed the Tournigan LOI. See "Corporate Update".

## *Rompas Gold - Uranium Project*

Rompas is a new gold and uranium discovery made by Areva in 2008 which was acquired as part of the purchase of Areva's Finnish exploration portfolio announced on April 30, 2010.

Bonanza grade gold and uranium mineralization has been discovered at surface over an area exceeding 6km in strike and 200m in width. To date, surface sampling has consisted of grab samples (which are unlikely to be representative) and diamond saw cut channel samples (which are likely to be representative); both returned bonanza grade gold with uranium. The weighted average of all 154 channel samples from the 2010 and 2011 programs is 0.98 m @ 97.34 g/t Au and 0.33 % U within a sampling footprint of 6.0 km strike and 200-250 m width. More than 300 discovery sites have now been identified within the mineralized footprint. A detailed map showing the location and distribution of channel and grab samples from the first exploration program at Rompas can be downloaded from the Company's website at [http://www.mawsonresources.com/i/maps/Rompas\\_PLANOCT312011.pdf](http://www.mawsonresources.com/i/maps/Rompas_PLANOCT312011.pdf).

The Rompas mineral system is hosted by metabasalt, dolomite, calc-silicate, dolerite and volcanoclastics, all part of the Paleoproterozoic Peräpohja Schist Belt. These rocks have undergone at least two major deformation events, leading to a locally strong schistosity (oriented 320-340 degrees) and metamorphism up to amphibolite-grade resulting in diopside-tremolite-actinolite assemblages in the calc-silicate rocks.

Gold and uranium mineralization at Rompas is within a quartz-calc-silicate vein array and related alteration selvages. The veins are typically composed of calc-silicate minerals (diopside-tremolite-actinolite-calcite-quartz +/- uraninite, gold) with alteration selvages of amphibole-biotite-albite. Individual veins at Rompas are up to 1m wide, with alteration selvages of similar widths to the veins, but are part of a much larger, interconnected vein array. The veins appear to have been emplaced prior to the main deformation event, and are metamorphosed, although a small percentage of veins are within the main cleavage. The deformation event has affected the veins, which are locally boudinaged and folded.

The spectacular, bonanza gold and uranium grades are generally contained in pods of calcite, amphibole and uraninite, often associated with boudinaged "ladder veins" within the more extensive vein system, indicating they could be local upgraded remobilizations from the veins. The 2011 sampling has extended the footprint of the mineralization at North Rompas, and at South Rompas into Central Rompas so that the zone is over 6 km long by 270 m wide. The 'footprint' approximates the extent of the known vein arrays. At present there appear to be two vein arrays at North and South to Central Rompas over a combined strike length of 3.5km; however there is little outcrop between these zones. Controls on the mineralization and vein distributions are not known as yet. All the known gold and uranium occurrences at Rompas are on a NNW trending ridge, with scattered outcrop (including mineralization) with 90% of the area masked by 0.5 to 5 metre thick soil and till cover. The ridge is surrounded by thicker till and soil and at times mineralization appears to continue below this thicker cover. The cover is mostly too thick for the discovery of near-surface radiometric occurrences. Techniques other than radiation spectrometry will need to be used in these areas, and there appears to be a good opportunity to discover further mineralization in the areas of till and soil cover.

Exploration programs at Rompas were conducted during 2010 and 2011, which consisted of airborne geophysics, geochemical sampling, geological mapping, ground geophysics including dipole-dipole IP and gradient array IP and a limited shallow "deep till" drilling campaign, as permitted while the claims are applications.

On November 19, 2010, Mawson announced the first channel sample results from the Rompas gold-uranium project. Highlights from 39 surface channel samples included 0.3m @ 1,866 g/t Au and 8.0 % U, and 0.26m @ 1,510 g/t Au and 3.95 % U. Included in this batch were 10 mineralized grab samples that averaged 672 g/t Au and 2.06 % U and ranged from 0.2 g/t to 3,230 g/t Au and 14.6 ppm to >15% U.

On December 15, 2010, Mawson announced results from the second batch of channel samples received from Rompas. Results included 49 diamond saw cut channel samples that are comprised of 448 individual samples. Highlights include 0.95m @ 1,424 g/t Au and 1.3 % U, and 2.05m @ 191.3 g/t Au and 0.44 % U. The average width and weighted average of 49 of 71 channel samples assayed is 0.43m @ 222.7 g/t Au and 0.6 % U. Also included in this batch were 254 mineralized grab samples that averaged 406 g/t Au and 0.74 % U and ranged from 0.001 g/t to 22,723 g/t Au and 0.1 ppm to >15% U.

In January 2011, Mawson increased its ground holding at Rompas by 40%. New Claim Reservations were granted for 38,510 Ha providing Mawson with a contiguous block of 134,429 Ha in the Rompas project area which consists of 132,890 Ha of Claim Reservations and 2,539 Ha of Claim Applications.

On February 22, 2011, Mawson released the third and final batch of channel samples received from the 2010 exploration program. The third batch of results included 31 diamond saw cut channel samples that comprised 268 individual samples. Highlights include 0.35 m @ 1,460 g/t Au and 1.4 % U, and 2.6 m @ 190.5 g/t Au and 0.25 % U. Also included in this third batch of results were 64 mineralized grab samples that averaged 1,691.4 g/t Au and 6.5 % U and ranged from <0.03 g/t to 12,410 g/t Au and 1.6 ppm to 47.9% U.

On March 15, 2011 the Company received permission from the relevant Finnish authorities to allow shallow (“deep till”) stratigraphic drilling at the Rompas gold project in Northern Finland. Drilling commenced in March 2011. The results of this short program were released on June 30, 2011. The shallow drill program completed in May 2011, of 28 drill holes for 155.65m drilled along two traverses 100m and 300m to the north of the North Rompas mineralized zone. The stratigraphic drill program was designed to test for the presence of the host rock sequence undercover to the north of Rompas, and not to drill beneath known mineralized zones. The program was successful in proving the altered host sequence continues at least 350m undercover from the last mineralized site at North Rompas. Glacial cover averaged 3m to 5m over the area drilled while drill holes averaged 5.5m depth.

On May 3, 2011, the Company announced it had filed 684 claims applications for 60,897 hectares around the Rompas-Rumavuoma-Mustamaa gold-uranium projects in Northern Finland. These applications replace the Company’s one year old claim reservations and represent one of the largest contiguous claim applications made in Finland’s history which secures Mawson’s title over a +30km mineralized trend. In combination with Mawson’s existing claim applications that cover the main 6km gold-uranium mineralized trend at Rompas, Mawson now holds a total of 833 claim applications for 75,340 hectares at the Rompas Project.

On June 30, 2011, Mawson released details of its’ summer work program at Rompas. Work commenced in late May 2011 and initial radiometric surface spectrometer surveying has been successful in extending the known mineralized footprint approximately 50m to the east, as well as 100m north, of South Rompas. In addition, a new and continuous 10-15m wide and 100m long radiometric high has been discovered in the northwestern zone of North Rompas. Approximately 40 new mineralized sites have been discovered, stripped of moss and/or soil cover and channel sampling has commenced in these new areas. Rock samples have been submitted to the laboratory for assay and will be released when available. The exploration program over the discovery trend will focus on further making further discoveries and defining continuity between the high grade zones and will include mapping and prospecting over a 6km trend, with the aim to map and refine the understanding of the key structural, geological and alteration signatures associated with gold and uranium mineralization; a bedrock sampling program over an area of 8km by 500m with the aim to develop a firmer understanding of continuity of mineralization; prospect and regional-scale geochemical sampling of soils and organic matter; an induced polarization geophysics over the mineralized sequence to characterize the chargeability and resistivity responses of the mineralized host and each distinct lithological trend; and a research based project to determine origins and timing of gold and uranium mineralization and associated alteration.

On October 31, 2011, Mawson announced the first results of the 2011 summer field campaign. New channel sample results include the best surface trench sample discovered on the property to date of 1.40 m @ 2,529 g/t Au and 5.1 % U3O8 at North Rompas. This discovery was made under soil cover, in a location that was not known to be mineralized prior to manual excavation of the trench. Additional highlights include 1.13 m @ 343.6 g/t Au and 0.21 % U3O8 and 0.5 m @ 269.0 g/t Au and 0.99 % U3O8. The weighted average of all 74 channel intervals from the 2011 program at Rompas that exceed the lower cut-off of 0.1 g/t gold or 100ppm uranium over one metre is 1.40 m @ 51.9 g/t Au and 0.13 % U3O8. Lengths of the channeled intervals ranged from 0.2 m to 8.8 m and the cumulative length of all channels above the lower cut-off of 0.1 g/t gold or 100ppm uranium was 88.0 m.

As the Rompas project is secured by exploration claim applications, sampling has been restricted to hand trenching through soil to access bedrock for diamond saw channel sampling. In many cases continuous cut channels are interrupted by deeper weathered zones, especially when carbonate rich gold and uranium mineralization is present. In these cases weathered bedrock is sampled as a channel, but with a lower level of confidence in the *in situ* grade of mineralization than the unweathered channels.

Supported by this new set of trench sampling results, the Company believes the 2011 work program at Rompas has been successful in extending the mineralized zone, demonstrating continuity between the high gold and uranium sites discovered during the 2010 program, and determining grade on the margins of bonanza grade gold localities, as described below:

- Prospecting during this field season has significantly expanded the mineralized area. The footprint of mineralization now extends over greater than 6km in strike and up to 270 metres in width. Data from North

Rompas, the newly discovered Central Rompas and South Rompas has provided a much clearer picture of grade and distribution of mineralization. New bedrock discoveries in addition to those provided above include 0.8m @ 31.90 g/t Au and 0.20% U3O8 made 50 m north west of previous known mineralization in North Rompas; 0.5m @ 269.00 g/t Au and 0.99% U3O8 and 0.75m @ 65.60 g/t Au and 0.19% U3O8 made 450m north of South Rompas (now Central Rompas); 0.65m @ 43.90 g/t Au and 0.19% U3O8 made 800 m north of South Rompas (now Central Rompas) and 0.5m @ 10.55 g/t Au and 0.04% U3O8 and 0.55m @ 10.65 g/t Au and 0.98% U3O8 made 450m south east of South Rompas.

- New mapping and detailed trench sampling data has demonstrated continuity of gold anomalous zones for the first time at the project so identifying high priority drill targets. Detailed trench sampling was used to expand across zones previous only known for spot high grade gold and uranium. In the northern zone of North Rompas, an echelon and continuous mineralization has now been defined at a consistent grade of +0.1 to 0.5 g/t gold over at least 130 m of strike. Four main intervals were defined across a 55 m wide zone with intermittent high grade gold and uranium values.
- Radioactive prospecting was the principal exploration technique applied by Mawson in 2010, which proved very successful in the discovery of high grade uranium (and gold) mineralization under thin soil cover. This technique, however, provides little information on the continuity of mineralization at lower grades and the mineralization potential of non-radioactive rocks at Rompas. In 2011, many gold occurrences have been discovered with minor or no uranium. Examples are 4.75 m @ 7.46g/t Au and 39.2ppm U3O8 (TR108550), 0.7m @ 5.58 g/t Au and 14.2ppm U3O8 (TR108518b) and 1.5 m @ 1.43g/t Au and 2.5ppm U3O8 (TR108566). As only about 10% of bedrock outcrops in the discovery area, these 'gold only' samples indicate significant potential to make further discoveries that are invisible to radiometric prospecting. Additionally, further mineralization has been found in country rock adjacent to some of the high grade mineralized intervals discovered in 2010. For example, the previously reported 2010 trench 107429 returned 0.77m @ 301.75 g/t Au and 1.29% U3O8. Further trenching to the west and across strike extended this intersection in trench TR108555 to a combined result of 3.47m @ 68.30 g/t Au and 0.29% U3O8 in trench comb\_107429\_TR108555.

Drilling at Rompas will be permitted on the granted claims coming into legal effect after the standard appeal process. Limitations on exploration methods that can be completed in the Natura 2000 areas within the exploration claims are part of the granting decision, including no drilling or trenching due to the presence of specific flora. The Natura 2000 area over the known 6 km mineralized zone is small and covers 254 hectares but overlies approximately 70% of the trend. There are also other Natura 2000 areas in the claim area. Mawson is entitled to apply for a modification of this decision by conducting an environmental program (a Natura 2000 assessment) to address these observations in order to obtain permission to conduct drilling and trenching in these areas. Natura 2000 sites cover about 15% of Finland and approximately 30% of Northern Finland.

A NI 43-101 technical report on the Rompas property has been filed on [www.sedar.com](http://www.sedar.com).

#### *Rumavuoma Gold - Uranium Project*

As announced on May 3, 2011, the Rumavuoma prospect is a gold-uranium mineralized trend is located approximately 3km east of the 6km long Rompas trend. Rumavuoma is secured by 13 claim applications for 1,292 hectares.

Rumavuoma is at a very early stage, with further sampling and mapping undertaken over the 2011 summer, but results are not yet available.

#### *Mustamaa Uranium Project*

Uranium mineralization was first discovered at Mustamaa in 1978 by Rautaruukki Oy, during the ground follow up of a regional airborne radiometric survey. Rautaruukki Oy completed detailed outcrop and boulder mapping, applied various geophysical methodologies and assayed 26 radiometric boulders ranging from 0.01% U3O8 to 0.26% U3O8 and 0.7% phosphate ("P2O5") and 22.6% P2O5 and averaging 0.065 % U3O8 and 7.0% P2O5.

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

- R13: 55.4m @ 0.03% U3O8 from 104m, including 4.1m @ 0.08% U3O8 from 120m
- R10: 18.1m @ 0.03% U3O8 from 65m, including 8.4m @ 0.04% U3O8 from 73m

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

During the current reporting period from historic drill holes R-003 to R-013 were examined and approximately 280m of sampling was conducted. Results are pending. Uranium is mostly hosted by apatite-rich, carbonatized and brecciated rocks, but sometimes by a black shale unit. Alteration and mineralization are interpreted to be hydrothermal in origin; it appears most uranium is remobilized into structural sites. It is important that the hydrothermal alteration (silicification, carbonatization, sericitization, chloritization) with locally intense pyritic alteration, is in close contact to the apatite rocks, and in places with the black shales.

Further boulder studies are also recommended, as the source area for the boulders discovered at surface over the project area is not yet thought to be intercepted by historic drilling.

#### *Riutta Uranium Project*

As part of the Areva transaction announced on April 30, 2010, Mawson acquired 100% interest in the Riutta granted claims, which are located in south eastern Finland. Tenure comprises 10 claims for approximately 790 hectares. This area is considered prospective for structurally hosted uranium mineralization above an unconformity.

Mawson announced the following on September 20, 2011 the best drill result from a 10 hole diamond drill program totaling 1,065 m from the Ristimonttu prospect where drill hole AREVA DH 1 intersected 11.3 m at 0.68% U3O8 including 3.7 m at 1.53% U3O8 from 28.3 m. The true thickness of the mineralized interval is estimated to be 8.6 m. The drilling was conducted by Areva Resources Finland OY ("Areva") during 2009, but drill core was never sampled at the time due to Areva's concurrent sale of its Finnish exploration assets to Mawson. Mawson recently accessed this core, identified the mineralized intervals and completed sampling and assaying. AREVA DH 1 was the only mineralized hole drilled in this program. Only one other hole drilled by Areva tested the main 450 m long mineralized trend, with the remainder of the Areva holes drilled in the south of the project area.

The Riutta project was discovered in 1958 by a boulder hunter. Since then four major campaigns have been conducted by Atomienergia (1958-59), Outokumpu Oy (1960-63), the Geological Survey of Finland ("GTK") (1983-88) and Areva (2008-09). In total 65 drill holes have been drilled at Riutta for 6,275 m. Drilling has been restricted to shallow holes separated by long timeframes with only 10 holes drilled at Riutta over the last 23 years. Over 500 mineralized boulders have been located at Riutta, with more than one hundred assaying greater than 1% uranium. The Ristimonttu and Unimonttu prospects have both been trenched where pitchblende veins and pockets were exposed. The previous best drill results at Riutta were in drill hole 324 which intersected 3.6 m @ 1.10% U3O8 from 42.0 m (including 0.35 m @ 9.79% U3O8 from 42.6 m) at the Unimonttu prospect and in drill hole AE-7 which intersected 1.0 m @ 0.35% U3O8 from 63.3 m in drill hole AE-7 at Kolmosviuhka prospect. These holes are located 260 m and 450 m respectively SSE of drill hole AREVA DH1.

Mawson also completed a 5.4 line km geophysical IP survey at Riutta which consisted of 9 lines at 100m spacing to aid in the delineation and define continuity of the sulphide and pitchblende bearing mineralized ore shoots. The results of this survey are currently being reviewed.

Uranium mineralization at Riutta consists of thin pitchblende veins (up to a few mm) as infill in microbreccias within sericite-quartz schist host. The bedrock is composed of Archean gneisses, overlain by Paleoproterozoic quartzitic metasediments. Mafic to ultramafic dykes cut across these rocks. Riutta is considered to be an example of low temperature structural replacement. Alteration is extensive and consists of epidote, chlorite, quartz, sericite, albite, potassium feldspar, carbonate and clinozoisite.

#### *Nuottijärvi Uranium Project*

Mawson has previously announced a Canadian National Instrument NI 43-101 inferred mineral resource estimate of 2.0 million tonnes averaging 0.074% U3O8, using a 0.03% uranium lower cut-off, for 3.27 million lbs. U3O8 for the

100% owned Nuottijärvi uranium project in central Finland. Mineralization at Nuottijärvi remains open along strike and at depth.

The NI 43-101 resource and accompanying technical report were completed by qualified and independent geologists Mr. John Nebocat of PGS Pacific Geological Services and Mr. Geoffrey Reed of Reed Leyton Consultants. The technical report is available on SEDAR and [www.mawsonresources.com](http://www.mawsonresources.com).

The Nuottijärvi uranium deposit is located in north-central Finland about 35km northeast of the town of Kajaani. Nuottijärvi was discovered by Outokumpu Oy (“Outokumpu”) in 1959 who explored it intermittently until 1969 and maintained the property until the late 1970’s. During that time surface radiometric and magnetic surveys, airborne radiometric, magnetic and electromagnetic surveys and geological mapping were undertaken. A total of 43 diamond drill holes, representing about 6,287m, were drilled. Of these, 38 were located in the central mineralized zone over a distance roughly 475m north-south by 150m east-west. Outokumpu also extracted an 867 tonne bulk sample that yielded an average grade of 1.10% P, 0.050% U308, 8.60% CO2 and 1.41% S.

Uranium at Nuottijärvi occurs as uraninite associated with fluorapatite breccia, hosted by a carbonate-apatite horizon at the contact between quartzite and graphite-bearing phyllite. The mineralized body is approximately 40m thick, extends from surface to a vertical depth of 80m, trends over a strike length of more than 400m and remains open along strike and at depth.

The mineral resource estimate was calculated using Maptrek’s Vulcan software based on the following geological and resource modeling parameters:

- Outokumpu drilled 43 diamond drill holes for 6,679m in the Nuottijärvi area up to 1969. Thirty-eight diamond drill holes were included in the current mineral resource estimation. Hole spacing was completed on a 50m by 50m drill pattern.
- The resource describes three separate bodies of mineralization with 40m true thickness, a strike of 400 metres and an average down dip extent of 80 metres. Due to the amount of drilling and orientation, the true thickness is generally considered to be 70% of drilled thickness.
- Sections of core drilled by Outokumpu were resampled by the Issuer and analysed by ICP method at ALS Chemex Laboratories, Vancouver, Canada. A total of 377 Outokumpu samples from 20 drill holes were incorporated with the current resource estimation. The analytical method applied by Outokumpu was the standard for the industry of the day, and although no QA/QC data is available, it is considered to be of a high quality.
- Specific gravity was calculated in the model based on density test work performed by the Mawson.
- Grade interpolation was undertaken using inverse distance defined by the domain wireframes. The allocations of composites were calculated using a hard boundary at the domain wireframes.

A program of metallurgical studies is recommended to determine if the uranium is separable from the phosphorous and to determine what proportion of the uranium is contained in uraninite versus that found within the apatite (a phosphorous-bearing mineral). In addition, a 1,500m diamond drilling program has been proposed to test the lateral and depth extensions to the deposit.

### ***Sweden***

In Sweden, as at the date of this MD&A, the Company has staked 15 granted claims with potential for uranium totalling 17,508 hectares. In addition, Mawson holds 3 granted base metal exploration permits (nickel) totalling 10,642 hectares.

As previously discussed Mawson signed a binding agreement with Tournigan in December 2011. See “Corporate Update”.

### ***Hotagen Mineralized District***

The Hotagen district uranium deposits are located in the north eastern portion of a geological province known as the Olden window. The Olden Window is so called as it is an isolated area of Proterozoic basement exposed as a window within younger late Precambrian - early Paleozoic sequences that form the Caledonide Mountains that separate Sweden and Norway. Uranium mineralization occurs in the form of veins and breccias developed in an uranium rich

granite host rock controlled principally by sub vertical N-S to NNW-SSW brittle or brittle-ductile structures, which themselves are associated with or intruded by intermediate “diabase” dykes.

The Hotagen district is secured by Mawson’s 6,693 hectares on 4 granted exploration claims and includes the Company’s Kläppibäcken project with a NI 43-101 compliant indicated resource of 3.3 million pounds at 0.08% uranium oxide (“U<sub>3</sub>O<sub>8</sub>”). Recent results include discovery of sixty-six uranium mineralized outcrops within Mawson’s exploration claims over an area of 8 kilometres by 7 kilometres surrounding the Kläppibäcken project. Sampling results from these outcrops included forty assays above 0.05% U<sub>3</sub>O<sub>8</sub>, which ranged from 0.05% U<sub>3</sub>O<sub>8</sub> to 8.04% U<sub>3</sub>O<sub>8</sub> and averaged 0.79% U<sub>3</sub>O<sub>8</sub>. The discovery of these uranium mineralized outcrops is significant considering that outcropping rock accounts for less than 10% of the surface area in the Hotagen district, with the remainder of the area blanketed under a thin 1-2 metre soil veneer.

Previously the Company completed a diamond drilling program at three uranium prospects (Ravinen, Kläppibäcken North and Urban Hill) at the Hotagen uranium project. The program consisted of 155 shallow diamond drill holes for 863.7 metres and tested bedrock for strike extensions of uranium mineralization beneath thin soil cover. New targets up to 1km along strike from Kläppibäcken were defined and will be drill tested at the appropriate time.

### **South American Projects**

In Peru, as at the date of this MD&A, the Company has joint ventured into nine exploration permits totalling 5,400 hectares. The Company has also staked 21 claim applications for 12,800 hectares and has 5 granted claims for 4,400 hectares.

As previously discussed, Mawson has announced it is undertaking a Spin-Out of its Peruvian assets that would reorganize the business and capital structure of Mawson into two separate public companies. See “Corporate Update”.

Darwin’s President and CEO will be Dr. Graham Carman. Dr. Carman has 25 years global exploration experience and seven years direct exploration and managerial experience in Peru, firstly with Rio Tinto and then with Savage Resources and Pasminco Ltd as Exploration Manager until 2000. Until recently he was the founder and Managing Director of Paradigm Metals Ltd (ASX:PDM). He obtained his geological doctorate from Monash University in Melbourne studying the world-class Lihir Island gold deposit PNG. Dr. Carman joined Darwin full time commencing January 1, 2012.

Darwin will own a highly prospective early stage portfolio of Cu-Au Peruvian assets that include the Alto Quemado (Cu-Au), Huatiapa (Cu-Au), Carrizales (Cu), Vicunas (Au) and Luminaria (Au) projects. In addition, Darwin will have a 100% interest in one of the strongest exploration databases in Peru.

#### *Alto Quemado Gold-Copper Project*

Mawson has completed option agreements to purchase 100% of Altynor Peru S.A.C. (“Altynor Peru”) which holds the option to acquire 100% of the Alto Quemado gold-copper project in the mineral-rich Southern Peru Copper Belt. The Alto Quemado property is located in the Province of Caylloma, Department of Arequipa, 56km north of the Panamerican Highway from the town of Pedregal and 98km northwest of Arequipa. The project comprises seven granted mineral concessions totalling 3,800 ha, with elevations between 2,900m - 3,300m.

Mawson entered into an option agreement with Altynor Peru SAC (“Altynor”) early in 2010 whereby Mawson could earn 100% interest in the Alto Quemado property by acquiring 100% of the stock of Altynor. Altynor has an underlying purchase agreement with Alto Quemado Mining Company (AQMC). The 100% acquisition terms from arm’s length parties are based on making staged payments of US\$50,000 on signing (already made), US \$550,000 on receipt of permits to drill and US \$900,000 should the option with AQMC be triggered. Renegotiated terms between AQMC and Altynor state that Altynor must make a payment of €5.12M by July 16, 2014, unless extended by mutual consent, to acquire 100% of the mining rights from AQMC. AQMC retains a net smelter return (“NSR”) payable at a rate between 1% and 3% dependent on the price of gold. Altynor holds the first right of refusal to purchase the NSR from AQMC.

On July 6, 2011, the Company announced that it had received a Canadian National Instrument NI 43-101 technical report for the Alto Quemado copper-gold project in Peru recommending a US \$750,000 exploration program which includes at least 1,850 metres of diamond drilling. The report was completed by qualified and independent geologist Mr. John Nebocat of PGS Pacific Geological Services. The technical report is available on SEDAR and at [http://www.mawsonresources.com/i/pdf/ALTO-QUEMADO\\_43-101-REPORT.pdf](http://www.mawsonresources.com/i/pdf/ALTO-QUEMADO_43-101-REPORT.pdf).

Mr. Nebocat's recommendations include:

- A minimum 1,850 metre diamond drilling program should be completed with 7 holes (850 m) testing Ximena, La Banda and Fiorella vein systems and no fewer than 5 holes (1,000 m) testing portions of the Santa Maria porphyry target area. Pending success in either of these areas, the drill program can be expanded accordingly.
- Expand the geophysical surveys east and west of the Santa Maria porphyry zone, and conduct geophysical surveys on the newly-acquired claims north of and adjacent to the claims that are the subject of the NI 43-101 report.
- The monzodiorite dykes found west of the Santa Maria zone should be extensively sampled to test their potential for gold mineralization.

The Company intends to undertake the recommended exploration program, and drilling will commence once permits are granted. The Company has recommenced discussions with the relevant Peruvian authorities after the recent national elections, and approval to drill is anticipated mid-2012.

Alto Quemado is a significant new discovery in Peru. It was not until informal miners from 2001-2007 exposed a network of high-grade gold structures beneath a gold-depleted weathered veneer that the true potential of the area was recognized and documented by Altnor's geologists. Two styles of mineralization have been identified at the Property:

- **High-grade near-term production gold target.** Mesothermal gold-copper vein mineralization is present as multiple high grade (25g/t Au in oxide and +40g/t Au in sulphide) mineralized structures, typically 0.5m to 1.5m wide (locally up to 15m), and traceable for greater than 3km. Structures may contain significant copper.
- **Large tonnage copper-gold porphyry target.** The high-grade gold structures are hosted within an extensive argillic alteration system and lie adjacent to a leached porphyry exposed in outcrop that displays a strong IP response over 1.0km by 500m and remains open along strike. Based on the IP signature, porphyry textures at surface, geochemically anomalous copper and molybdenum at surface and proximity to large porphyry copper mines, potential for the discovery of an underlying porphyry at the project is strong.

Small scale mining took place for six years at Alto Quemado during 2001 to 2007. The average mining depth was 30 to 40m, except for one section which went to 80m depth. The Company has been advised that monthly production from small scale mining was 100t - 150t of oxide ore with an average grade between 30g/t - 40g/t Au. The project has only been tested by a small amount of modern exploration and has never been drilled. Exploration has included an IP survey in 1997 which defined a strong chargeability/low resistivity target over the porphyry target.

The known strike of the high grade structural system is over 3km with a vertical extent over 200m, giving further confidence to the third dimension continuity of mineralization. The thickness of the structures ranges from 0.5m up to 2.5m and show a pinch-and-swell type behaviour with thicknesses up to 16m at La Union where the structures anastomose. Mineralization at Alto Quemado is comprised of pyrite, chalcopyrite, chalcocite, bornite, covellite, malachite, azurite, gold and with accessory gangue minerals which include quartz, sericite, chlorite, epidote, K-feldspar, micas, kaolin, carbonate, barite, hematite and limonite.

More than ten mineralized structures have been mapped at the property, however reconnaissance sampling by the underlying optionor, Altnor Peru (117 samples), and Mawson (21 samples) has focused on three main high grade mineralized structures (Ximena, Fiorella and La Banda) and one linear stockwork zone (Lomada) which have been exposed by previous artisanal mining activities. As outcrop of mineralized structures is poor, Mawson believes good opportunities exist to make further discoveries. Ninety-five rockchip samples taken across the three high grade veins structures from both the Altnor Peru and Mawson sampling programs averaged 19.9g/t Au and 2.0% Cu and ranged from 0.01-709g/t Au and 0.0-32.5% Cu.

Sampling also has taken place over the leached outcropping porphyry (Santa Maria) that extends over an area of approximately 850m by 400m. The gold bearing structures lie within a large argillic alteration system, fault bound to north and south and estimated to be at least 4km long and 1.3km wide, which remains open along strike to the east and west.

### *Huatiapa Copper-Gold Project*

The Huatiapa gold-copper prospect is a new discovery, located 20km west of Zafranal (300Mt @ 0.5% Cu) in the Arequipa region, southern Peru, lying along the northwestern extension of the world-class Southern Peru Copper Belt. The target at Huatiapa is a wide zone of alteration that could be indicating the presence of a copper-gold porphyry system nearby.

The key features at Huatiapa are:

- Gold associated with quartz stockwork veinlets up to 1.1g/t Au, and widespread anomalous copper up to 1.5% Cu in oxidised outcrops.
- An extensive zone of sericite-quartz-hematite-gypsum alteration 200m by 800m in size, partly covered by alluvium.
- 100% owned by Mawson Resources
- Preliminary exploration carried out to date, no drilling
- Next steps; IP geophysics followed by drilling

### *Luminaria Gold Project*

Luminaria is a gold project in the Cordillera Negra of Central Peru, located 40km southwest of Barrick's Pierina mine and 10km south of the Huinac polymetallic mine. Mawson Resources owns 100% of the project. The targets at Luminaria are high-grade gold structures and replacement "Christmas Tree" mantos associated with thrust faulting.

The key features at Luminaria are:

- Gold mineralization occurs in association with pyrite, arsenopyrite and grey quartz in the Chimu Formation (quartzites) and diorite. Mineralization includes quartz, pyrite and arsenopyrite veins and stockworks.
- Extensive surface mineralization, including a soil anomaly over 1400m x 300m, surface pits up to 52.2g/t Au and channels including 42m @ 2.2g/t Au.
- Four principal prospect zones identified with surface gold.
- The mineralized zone is 700m long and has a possible depth extent of 600m. This target has only been tested by one diamond drill hole.
- The one hole drilled to test the mineralized zone gave a +130m thick anomalous gold zone including 6m @ 3.3g/t Au from 60m in silicified diorite.

### *Vicuñas Gold Project*

The Vicuñas project is located in the Department of Ayacucho, 70 km northeast of the city of Nazca, near the coast of southern Peru. The main target at Vicuñas is a high sulphidation epithermal gold deposit hosted by dacite volcanic rocks.

The key features at Vicuñas are:

- Geology consisting of prospective, altered Miocene volcanic rocks.
- Gold mineralization hosted by advanced argillic alteration (quartz-alunite) and silicification. Gold up to 0.4g/t Au in rock chips - no drilling to date
- Favourable structures that appear to control the hydrothermal alteration.
- 100% owned by Mawson.

### *Carrizales Project*

The Carrizales property is located in the Moquegua region of southern Peru, 40km northwest of the Los Calatos porphyry copper deposit (900Mt @ 0.4% Cu equivalent) along the trend of the Southern Peru Copper Belt. The target at Carrizales is a porphyry copper system.

Carrizales is an early stage project, with no significant mineral occurrences known as yet on the property. The Carrizales property is well located between the Chapi copper mine (190 Mt @ 0.6%Cu) and Los Calatos (900 Mt @ 0.4%Cu). The property is 100% owned by Mawson.

## ***Future Developments***

A large surface based 2011 summer exploration program has been completed at the Rompas project. The initial results were released on October 31, 2011 and further information regarding this program will be released as it becomes available. Drilling at Rompas will be permitted on the granted claims coming into legal effect after the standard appeal process.

For the Peru assets, the Company is working diligently towards completing the spin out of Darwin by mid-2012. Mawson expects that shortly after the listing, final environmental and landowner permits will be received for the Alto Quemado project, enabling Darwin to commence drilling.

## **Joint Ventures**

In February 2010 the Company announced it had signed an Option Agreement to explore the Orrbäcken nickel project, which won the annual Swedish “Mineral Hunt” Competition for 2009. Subsequent to this Option Agreement, Mawson entered a Joint Venture Agreement with Independence Group (“IGO”) ([www.igo.com.au](http://www.igo.com.au)), a nickel mining and exploration company listed on the Australian Stock Exchange, that provides IGO with the right to explore and advance the project.

The Orrbäcken Ni-Cu-Co Joint Venture is located 10km from the regional centre of Skellefteå in north eastern Sweden. Orrbäcken is a nickel occurrence discovered by local prospectors who identified approximately 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and are interpreted to be close to their source. Four boulder samples were taken by the Swedish Geological Survey from the Orrbäcken discovery. Nickel content ranged from 1.9% to 0.6% and averaged 1.0%, cobalt ranged from 0.21% to 0.05% and averaged 0.1% and copper ranged from 0.7% to 0.1% and averaged 0.3%. The boulder train is associated with a magnetic feature that is of a similar scale to other mafic intrusives that have eventually been found to host economic deposits.

IGO completed airborne EM and magnetics during the period and mobilized a ground based EM crew in January 2011 with the aim to define drill targets to be tested in the winter 2012. Ice preparation is currently ongoing as of this date.

Separately in Sweden, Mawson granted a third party, ASX-listed Hodges Resources Ltd. (“Hodges”), the right to earn up to 51% in four of Mawson’s earlier stage uranium projects by funding work program expenditures of US \$500,000 over four years from April 2007, including the Norr Döttern and Harrejokk projects in the Arvidsjaur-Areplog area, and to earn up to 75% by fully funding any project to successful bankable feasibility. Other projects joint ventured to Hodges are Sjaule in the Hotagen area and Åsnebogruvan in Southern Sweden. Hodges has been undertaking work programs including drilling, however the results of much of this work are yet to be made public. The permits are kept in good standing by Hodges.

In the Arjeplog - Arvidsjaur uranium district of northern Sweden, Hodges completed diamond drilling at the Östra Järntjärnbäcken uranium prospect. Recently released results from six diamond holes for 491.4m produced the following highlights:

- 17m @ 0.1% U<sub>3</sub>O<sub>8</sub> from 60m in hole JTB1011 including; 12m @ 0.12% U<sub>3</sub>O<sub>8</sub> from 63m and 3m @ 0.11% U<sub>3</sub>O<sub>8</sub> from 74m;
- 19m @ 0.03% U<sub>3</sub>O<sub>8</sub> from 91m in hole JTB1011 including; 5m @ 0.07% U<sub>3</sub>O<sub>8</sub> from 98m;
- 1m @ 0.08% U<sub>3</sub>O<sub>8</sub> from 35.5m in hole JTB1008; and
- 0.6m @ 0.07% U<sub>3</sub>O<sub>8</sub> from 58m in hole JTB1013.

Drilling completed to date has defined an area of approximately 120m x 100m of moderately dipping, multiple stacked uranium mineralized horizons which remains open to the NW and at depth. Mineralization appears to be increasing in both thickness and grade down dip. Drill widths appear to approximate true widths.

## **Qualified Person**

The qualified person for Mawson’s projects, Mr. Terry Lees, the Company’s VP-Exploration, a Fellow of the Australian Institute of Geoscientists, has reviewed and verified the contents of this document.

## Investments

The Company holds investments in two public companies:

- Hansa Resources Limited (“Hansa”) 3,500,000 common shares
- Tumi Resources Limited (“Tumi”) 300,000 common shares

The Company also received warrants to purchase an additional 1,000,000 common shares of Hansa and 300,000 common shares of Tumi.

As at November 30, 2011, the quoted market value of the common shares of the investments was \$456,000 and the fair value of the warrants, as estimated using the Black-Scholes pricing model, was \$40,900.

## Selected Financial Data

IFRS 1 requires an entity to reconcile equity, comprehensive income (loss) and cash flows for prior periods. The Company’s first time adoption of IFRS did not have an effect on the condensed consolidated interim statements of financial position, comprehensive loss, changes in equity or cash flows.

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

	Fiscal 2012		Fiscal 2011				Fiscal 2010	
	Nov 30 2011 \$	Aug 31 2011 \$	May 31 2011 \$	Feb 28 2011 \$	Nov 30 2010 \$	Aug 31 2010 \$	May 31 2010 \$	Feb 28 2010 \$
<b>Operations:</b>								
Revenues	Nil							
Expenses	(603,462)	(778,410)	(440,823)	(775,545)	(1,682,107)	(341,841)	(525,413)	(396,849)
Other items	(7,212)	(14,814)	(254,992)	190,247	10,580	45,839	(164,272)	(79,068)
Future income tax	500	(41,000)	173,500	17,500	49,700	(33,700)	9,200	142,000
Net loss	(610,174)	(834,224)	(522,315)	(567,798)	(1,621,827)	(329,702)	(680,485)	(617,917)
Other comprehensive (loss) income, net	(2,000)	(114,000)	453,500	48,964	124,723	(83,914)	22,176	(342,486)
Comprehensive loss	(612,174)	(948,224)	(68,815)	(518,834)	(1,497,104)	(413,616)	(658,309)	(960,403)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)	(0.02)
Dividends per share	Nil							
<b>Balance Sheet:</b>								
Working capital	10,348,937	11,792,166	13,012,489	12,613,472	13,254,241	8,565,949	9,469,950	10,095,645
Total assets	20,986,972	21,513,030	22,041,969	21,385,975	21,314,219	15,762,753	16,139,609	15,272,238
Total long-term liabilities	Nil							

## Results of Operations

During the six months ended November 30, 2011 (the “2011 period”) the Company reported a net loss of \$1,444,398 (\$0.03 per share), compared to a net loss of \$1,951,529 (\$0.04 per share) for the six months ended November 30, 2010 (the “2010 period”). The primary factor for the \$507,131 decrease in loss is attributed to a \$1,000,800 decrease in share-based compensation recognized in the 2011 and partially offset by a general increase in corporate activities during the 2011 period.

Total expenses decreased by \$642,076, from \$2,023,948 during the 2010 period to \$1,381,872 during the 2011 period. Specific expenses of note during the 2011 period are as follows:

- incurred a total of \$59,800 (2010 - \$23,350) for accounting, secretarial and management services and rent provided by Chase Management Ltd. (“Chase”), a private corporation controlled by Mr. Nick DeMare, a director of the Company;
- incurred general exploration expenditures of \$188,016 (2010 - \$50,166) relating to general exploration and property due diligence. Fluctuations in general exploration expenses is also affected by allocations to direct property costs;

- incurred \$146,478 for travel expenses (2010 - \$82,381), primarily for ongoing international travel by Company management, personnel and contract geologists to oversee the Company's properties and exploration programs and for general corporate and financing activities;
- incurred audit fees of \$42,615 (2010 - \$35,460) . The change between the 2011 period and the 2010 period was due to the timing of the billings of the audit of the Company's year-end financial statements;
- the Company has retained Mining Interactive Corp. ("Mining Interactive") to provide market awareness and investor relations activities at a monthly retainer of \$3,500. During the 2011 period, the Company paid Mining Interactive \$21,000 (2010 - \$21,000);
- incurred \$173,587 (2010 - \$244,587) for professional services, which includes \$81,000 (2010 - \$79,000) for management and professional fees charged through Sierra Peru Pty ("Sierra") for remuneration of Mr. Michael Hudson, the Company's President and CEO. The Company also reimbursed \$nil (2010 - \$6,500) to Tumi Resources Limited, a public company with common directors, for shared administration and paid \$45,000 (2010 - \$48,000) for director fees for non-management professional services to directors of the Company;
- incurred corporate development expenses of \$78,488 (2010 - \$37,534) for attendance at international and investment conferences and increased market awareness programs;
- incurred salaries and benefits of \$139,651 (2010 - \$98,799) for staff in the mining offices in Peru and Sweden; and
- recorded share-based compensation of \$299,200 (2010 - \$1,300,000) on the granting of share options.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no revenue. Interest income is generated from cash on deposit with the Bank of Montreal and short-term money market instruments issued by major financial institutions. During the 2011 period the Company reported interest and other income of \$81,288 as compared to \$35,749 during the 2010 period. The increase in interest and other income is attributed to a combination of slightly higher interest yields being obtained and higher levels of funds invested during the 2011 period.

The Company's holdings in the common shares of a number of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value resulting in a comprehensive loss of \$116,000, net of future income tax recovery of \$40,500, during the 2011 period compared to a comprehensive income of \$40,809, net of future income tax expenses of \$16,000, during the 2010 period. The Company's holdings in the warrants have been designated as held-for-trading for accounting purposes and are measured at fair value resulting in an unrealized loss of \$48,100 during the 2011 period compared to an unrealized loss of \$17,000 during the 2010 period. See also "Investments" in this MD&A.

During the 2011 period the Company incurred a total of \$1,678,683 (2010 - \$1,376,777) on acquisition costs and exploration activities on its unproven mineral interests. In total, the Company spent \$1,321,008 (2010 - \$946,028) on its Scandinavian Projects and \$357,675 (2010 - \$430,749) on its Peruvian projects. Details of the exploration activities conducted during the 2011 period are described in "Exploration Projects" in this MD&A.

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

As at November 30, 2011, the Company had working capital of \$10,348,937. The Company also hold investments with quoted value or estimated value totalling \$496,900. Although the Company believes that it currently has sufficient financial resources to conduct anticipated exploration programs and meet anticipated corporate administration costs for the upcoming twelve month period, the proposed Spin-Out and resulting corporate reorganization will split the Company into two separate public companies. In addition, 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**

On November 30, 2011 the Company announced it was proposing to conduct the Spin-Out, as described in “Corporate Update”.

Pursuant to the proposed Spin-Out, the Company will transfer all of the outstanding shares of its wholly-owned subsidiary, Mawson Peru S.A.C., and its option to earn a 100% interest in Altynor Peru S.A.C to a newly incorporated subsidiary, Darwin Resources Corp. (“Darwin”). The shares of Darwin will be distributed to shareholders of the Company as a return of capital by way of a plan of arrangement (the “Arrangement”) under the Corporations Act (British Columbia). The Arrangement will be voted on at a special meeting of shareholders of the Company which is anticipated to be held in early 2012, and will be subject to numerous conditions including shareholder and court approval, approval by, and listing of the Darwin shares on either the TSX Venture Exchange or the TSX and completion of all required regulatory filings.

The Company also proposes to dispose of certain exploration projects located in Sweden.

## **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 the determination of recoverability of amounts capitalized to exploration and evaluation assets, property, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, decommissioning provisions, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of all the Company’s significant accounting policies is included in Note 4 to the November 30, 2011 condensed consolidated interim financial statements.

## **Changes in Accounting Policies**

### **IFRS Implementation - Changes in Accounting Policies Including Initial Adoption**

The Canadian Accounting Standards Board established 2011 as the year that Canadian companies’ financial reporting requirements should comply with IFRS. Accordingly, the Company has commenced reporting on an IFRS basis in the current condensed consolidated interim financial statements. The transition date, June 1, 2010, has required the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011.

The Company has completed its internal review of the impact of the adoption of IFRS. This review considered potential differences between applicable IFRS policies and those currently used by the Company. Accounting policy changes were made due to IFRS in the areas of exploration and evaluation assets, impairment testing, property, plant and equipment, provision for site restorations, and share-based compensation. Available elections under IFRS minimized the impact of these changes such that the financial reporting impact of the transition to IFRS is not material to the Company’s financial results. The impact of the changes to IFRS is detailed in Note 16 to the condensed consolidated interim financial statements.

### ***Accounting Standards and Interpretations Issued but Not Yet Adopted***

The following accounting standards, amendments and interpretations have been issued but are not effective until annual periods beginning after January 1, 2011, unless otherwise indicated, earlier application is permitted. As at the date of these financial statements, the following standards, amendments and interpretations have not been applied in these financial statements.

- (i) IFRS 1 *First-time Adoption of International Financial Reporting Standards, Amendments Regarding Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*; effective for annual periods beginning on or after July 1, 2011.
- (ii) IFRS 7 *Financial Instruments: Disclosures, Amendments Regarding Disclosures - Transfers of Financial Assets*; effective for annual periods beginning on or after July 1, 2011.
- (iii) IFRS 9 *Financial Instruments* (New; to replace IAS 39); effective for annual periods beginning on or after January 1, 2013.
- (iv) IFRS 10 *Consolidated Financial Statements*; effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidated - Special Purpose Entities*.
- (v) IFRS 11 *Joint Arrangements*; effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS supersedes the current IAS 31 *Interest in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Ventures*.
- (vi) IFRS 12 *Disclosure of Interest in Other Entities*; effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.
- (vii) IFRS 13 *Fair Value Measurements*; to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements).
- (viii) IAS 12 *Income Taxes, Amendments Regarding Deferred Tax: Recovery of Underlying Assets*; effective for annual periods beginning on or after January 1, 2012.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

### Transactions with Related Parties

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 terms of conditions of the transactions with key management personnel and those entities were no more favourable than those available, or which might reasonably be expected to be available, for similar transactions with non-related entities on an arm's length basis.

#### (a) Transactions with Key Management Personnel

The following amounts were incurred with respect to the Company's current President, Vice-President of Exploration and Chief Financial Officer:

	Six Months Ended November 30,	
	2011	2010
	\$	\$
Professional fees	217,572	114,950
Rent	2,400	2,400
Share-based compensation	-	364,000
	<u>219,972</u>	<u>481,350</u>

As at November 30, 2011, \$57,957 (2010 - \$6,450) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

The following amounts were incurred with respect to other current and former officers and directors of the Company:

	Six Months Ended November 30,	
	2011 \$	2010 \$
Professional fees	45,000	54,500
Share-based compensation	-	399,750
	<u>45,000</u>	<u>454,250</u>

As at November 30, 2011, \$2,500 (2010 - \$3,500) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

**Risks and Uncertainties**

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

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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

**Investor Relations Activities**

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website ( [www.mawsonresources.com](http://www.mawsonresources.com) ) on a continuous basis. Effective November 1, 2004, the Company retained Mining Interactive to provide market awareness and investor relations activities. During the six months ended November 30, 2011 the Company paid Mining Interactive a total of \$21,000 (2010 - \$21,000). The arrangement may be cancelled by either party on 15 days notice.

**Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at January 13, 2012, there were 51,670,753 issued and outstanding common shares. In addition, there were 2,786,500 stock options outstanding, at exercise prices ranging from \$0.32 to \$2.35 per share and 7,537,012 warrants outstanding at exercise prices ranging from \$1.00 to \$1.20 per share.

**Disclosure Controls and Procedures**

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in 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. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

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

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

In the course of evaluating internal controls over financial reporting as at November 30, 2011, management has identified the following reportable deficiencies:

- (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) when required, the Company records complex and non-routine transactions. These are sometimes extremely technical in nature and require an in-depth understanding of GAAP. The Company's accounting staff have only a fair and reasonable knowledge of the rules related to GAAP and the transactions may not be recorded correctly, potentially resulting in material misstatements of the financial statements of the Company.

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.

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 September 1, 2011 and ending on November 30, 2011 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.