

---

---

**MAWSON RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
FEBRUARY 28, 2014

*(Unaudited - Expressed in Canadian Dollars)*

---

---

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's auditors have not performed a review of these condensed interim financial statements.

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

	Note	February 28, 2014 \$	May 31, 2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	5	6,372,261	5,209,513
Amounts receivable		11,821	24,693
GST/VAT receivables		43,528	52,479
Prepaid expenses and deposits		<u>53,856</u>	<u>70,996</u>
<b>Total current assets</b>		<u>6,481,466</u>	<u>5,357,681</u>
<b>Non-current assets</b>			
Investments	6	179,500	114,750
Property, plant and equipment	7	271,030	296,958
Exploration and evaluation assets	8	<u>9,573,731</u>	<u>8,246,739</u>
<b>Total non-current assets</b>		<u>10,024,261</u>	<u>8,658,447</u>
<b>TOTAL ASSETS</b>		<u>16,505,727</u>	<u>14,016,128</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>434,332</u>	<u>410,427</u>
<b>TOTAL LIABILITIES</b>		<u>434,332</u>	<u>410,427</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	36,233,702	32,086,361
Share-based payments reserve		6,016,717	5,160,917
Deficit		(25,558,024)	(22,955,827)
Accumulated other comprehensive loss		<u>(621,000)</u>	<u>(685,750)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>16,071,395</u>	<u>13,605,701</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>16,505,727</u>	<u>14,016,128</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 10, 2014 and are signed on its behalf by:

/s/ Michael Hudson

Michael Hudson  
Director

/s/ Nick DeMare

Nick DeMare  
Director

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

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended		Nine Months Ended	
		February 28, 2014 \$	February 28, 2013 \$	February 28, 2014 \$	February 28, 2013 \$
<b>Expenses</b>					
Accounting and administration		21,235	28,044	91,204	83,240
Audit		150	17,202	47,883	83,227
Corporate development		12,148	3,459	57,998	59,125
Depreciation		8,642	6,303	25,928	22,913
General exploration		43,298	111,396	236,959	391,427
Investor relations		9,000	16,000	27,000	55,000
Legal		13,112	96,023	58,910	204,259
Management fees	10(a)	40,500	40,500	121,500	121,500
Office and sundry		38,388	8,028	96,363	118,777
Professional fees	10	137,284	159,216	418,866	278,061
Regulatory fees		4,080	4,829	23,975	31,113
Rent	10(a)	58,144	14,358	116,590	39,899
Salaries and benefits	10(b)	42,573	47,361	157,470	113,533
Shareholder costs		2,791	9,419	13,230	18,399
Share-based compensation	9(d),10	-	-	855,800	41,000
Transfer agent		3,284	4,681	11,923	8,309
Travel		63,444	103,748	266,742	295,892
		<u>498,073</u>	<u>670,567</u>	<u>2,628,341</u>	<u>1,965,564</u>
<b>Loss before other items</b>		<u>(498,073)</u>	<u>(670,567)</u>	<u>(2,628,341)</u>	<u>(1,965,564)</u>
<b>Other items</b>					
Interest and other income		31,097	21,794	91,963	85,243
Impairment of exploration and evaluation assets	8	-	-	(95,644)	-
Foreign exchange		10,838	528	29,825	(14,355)
Unrealized loss on investments		-	(150)	-	(3,000)
		<u>41,935</u>	<u>22,172</u>	<u>26,144</u>	<u>67,888</u>
<b>Loss before deferred income tax</b>		<u>(456,138)</u>	<u>(648,395)</u>	<u>(2,602,197)</u>	<u>(1,897,676)</u>
<b>Deferred income tax</b>		<u>-</u>	<u>13,400</u>	<u>-</u>	<u>20,000</u>
<b>Net loss for the period</b>		<u>(456,138)</u>	<u>(634,995)</u>	<u>(2,602,197)</u>	<u>(1,877,676)</u>
<b>Other comprehensive gain (loss), net of deferred income tax</b>					
		<u>102,000</u>	<u>(121,025)</u>	<u>64,750</u>	<u>(168,625)</u>
<b>Comprehensive loss for the period</b>		<u>(354,138)</u>	<u>(756,020)</u>	<u>(2,537,447)</u>	<u>(2,046,301)</u>
<b>Basic and diluted loss per common share</b>					
		<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.04)</u>	<u>\$(0.03)</u>
<b>Weighted average number of common shares outstanding</b>					
		<u>65,425,728</u>	<u>55,993,482</u>	<u>62,837,739</u>	<u>54,172,959</u>

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

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

<b>Nine Months Ended February 28, 2014</b>						
	<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Accumulated Other Comprehensive Gain (Loss) \$</b>	<b>Total Equity \$</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at May 31, 2013</b>	56,081,311	32,086,361	5,160,917	(22,955,827)	(685,750)	13,605,701
Common shares issued for:						
Cash - private placement	9,344,417	4,204,988	-	-	-	4,204,988
Share issue costs	-	(57,647)	-	-	-	(57,647)
Share-based compensation	-	-	855,800	-	-	855,800
Unrealized gain on investments	-	-	-	-	64,750	64,750
Net loss for the period	-	-	-	(2,602,197)	-	(2,602,197)
<b>Balance at February 28, 2014</b>	<b>65,425,728</b>	<b>36,233,702</b>	<b>6,016,717</b>	<b>(25,558,024)</b>	<b>(621,000)</b>	<b>16,071,395</b>

<b>Nine Months Ended February 28, 2013</b>						
	<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Accumulated Other Comprehensive Gain (Loss) \$</b>	<b>Total Equity \$</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at May 31, 2012</b>	52,224,253	28,176,662	5,128,417	(20,498,063)	(475,500)	12,331,516
Common shares issued for:						
Cash - exercise of share options	36,900	19,229	-	-	-	19,229
Cash - exercise of warrants	3,747,058	3,821,999	-	-	-	3,821,999
Share-based compensation	-	-	41,000	-	-	41,000
Transfer to common shares on exercise of share options	-	15,108	(15,108)	-	-	-
Unrealized loss on investments	-	-	-	-	(188,625)	(188,625)
Deferred income tax on unrealized loss on investments	-	-	-	-	20,000	20,000
Net loss for the period	-	-	-	(1,877,676)	-	(1,877,676)
<b>Balance at February 28, 2013</b>	<b>56,008,211</b>	<b>32,032,998</b>	<b>5,154,309</b>	<b>(22,375,739)</b>	<b>(644,125)</b>	<b>14,167,443</b>

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

**MAWSON RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>Nine Months Ended</b>	
	<b>February 28, 2014 \$</b>	<b>February 28, 2013 \$</b>
<b>Operating activities</b>		
Net loss for the period	(2,602,197)	(1,877,676)
Adjustments for:		
Depreciation	25,928	22,913
Share-based compensation	855,800	41,000
Impairment of exploration and evaluation assets	95,644	-
Unrealized loss on investments	-	3,000
Deferred income tax	-	(20,000)
	<u>(1,624,825)</u>	<u>(1,830,763)</u>
Changes in non-cash working capital items:		
(Increase) decrease in amounts receivable	12,872	(9,277)
(Increase) decrease in GST/VAT receivables	8,951	(3,721)
Decrease in prepaid expenses and deposits	17,140	27,085
Increase (decrease) in accounts payable and accrued liabilities	218,254	(382,917)
	<u>257,217</u>	<u>(368,830)</u>
<b>Net cash used in operating activities</b>	<u>(1,367,608)</u>	<u>(2,199,593)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(1,616,985)	(2,129,232)
Additions to property, plant and equipment	-	(10,458)
<b>Net cash used in investing activities</b>	<u>(1,616,985)</u>	<u>(2,139,690)</u>
<b>Financing activities</b>		
Issuance of share capital	4,204,988	3,841,228
Share issue costs	(57,647)	-
<b>Net cash provided by financing activities</b>	<u>4,147,341</u>	<u>3,841,228</u>
<b>Net change in cash</b>	1,162,748	(498,055)
<b>Cash at beginning of period</b>	<u>5,209,513</u>	<u>7,351,494</u>
<b>Cash at end of period</b>	<u>6,372,261</u>	<u>6,853,439</u>

Supplemental cash flow information - Note 12

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

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**1. Nature of Operations**

Mawson Resources Limited (the "Company") was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the Toronto Stock Exchange ("TSX") under the symbol "MAW". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at February 28, 2014 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

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

**2. Basis of Preparation**

*Statement of Compliance*

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended May 31, 2013.

*Basis of Presentation*

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

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

**3. Significant Accounting Policies**

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at May 31, 2013. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2013.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**4. Subsidiaries**

As at February 28, 2014 and May 31, 2013 the subsidiaries of the Company are as follows:

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

**5. Cash**

	<b>February 28, 2014</b>	<b>May 31, 2013</b>
	<b>\$</b>	<b>\$</b>
Cash	6,372,261	883,767
Demand deposits	-	4,325,746
	<u>6,372,261</u>	<u>5,209,513</u>

**6. Investments**

<u>As at February 28, 2014</u>				
	<b>Number</b>	<b>Cost \$</b>	<b>Accumulated Compre- hensive Loss \$</b>	<b>Carrying Value \$</b>
Common shares				
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(540,000)	175,000
Tumi Resources Limited ("Tumi")	75,000	<u>45,000</u>	<u>(40,500)</u>	<u>4,500</u>
		<u>760,000</u>	<u>(580,500)</u>	<u>179,500</u>
<u>As at May 31, 2013</u>				
	<b>Number</b>	<b>Cost \$</b>	<b>Accumulated Compre- hensive Loss \$</b>	<b>Carrying Value \$</b>
Common shares				
Hansa	3,500,000	715,000	(610,000)	105,000
Tumi	75,000	<u>45,000</u>	<u>(35,250)</u>	<u>9,750</u>
		<u>760,000</u>	<u>(645,250)</u>	<u>114,750</u>

- (a) As at February 28, 2014 the quoted market value of the 3,500,000 common shares of Hansa was \$175,000 (May 31, 2013 - \$105,000).
- (b) As at February 28, 2014 the quoted market value of the 75,000 common shares of Tumi was \$4,500 (May 31, 2013 - \$9,750).



**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Property, Plant and Equipment**

<b>Cost:</b>	<b>Condominium \$</b>	<b>Office Furniture and Equipment \$</b>	<b>Field Equipment \$</b>	<b>Vehicles \$</b>	<b>Total \$</b>
Balance at May 31, 2012	248,450	31,534	19,949	158,504	458,437
Additions	-	10,458	54,120	-	64,578
Disposals	-	(12,248)	-	-	(12,248)
Balance at May 31, 2013 and February 28, 2014	<u>248,450</u>	<u>29,744</u>	<u>74,069</u>	<u>158,504</u>	<u>510,767</u>
<b>Accumulated Depreciation:</b>					
Balance at May 31, 2012	(17,600)	(16,737)	(16,952)	(142,248)	(193,537)
Depreciation	(12,424)	(4,654)	(10,452)	(4,990)	(32,520)
Disposals	-	12,248	-	-	12,248
Balance at May 31, 2013	<u>(30,024)</u>	<u>(9,143)</u>	<u>(27,404)</u>	<u>(147,238)</u>	<u>(213,809)</u>
Depreciation	<u>(9,318)</u>	<u>(4,455)</u>	<u>(8,413)</u>	<u>(3,742)</u>	<u>(25,928)</u>
Balance at February 28, 2014	<u>(39,342)</u>	<u>(13,598)</u>	<u>(35,817)</u>	<u>(150,980)</u>	<u>(239,737)</u>
<b>Carrying Value:</b>					
Balance at May 31, 2013	<u>218,426</u>	<u>20,601</u>	<u>46,665</u>	<u>11,266</u>	<u>296,958</u>
Balance at February 28, 2014	<u>209,108</u>	<u>16,146</u>	<u>38,252</u>	<u>7,524</u>	<u>271,030</u>

**8. Exploration and Evaluation Assets**

	<b>As at February 28, 2014</b>			<b>As at May 31, 2013</b>		
	<b>Acquisition Costs \$</b>	<b>Deferred Exploration Costs \$</b>	<b>Total \$</b>	<b>Acquisition Costs \$</b>	<b>Deferred Exploration Costs \$</b>	<b>Total \$</b>
Finland						
Gold Projects	1,751,855	7,635,438	9,387,293	1,751,855	6,094,355	7,846,210
Sweden						
Other Projects	<u>82,601</u>	<u>103,837</u>	<u>186,438</u>	<u>298,266</u>	<u>102,263</u>	<u>400,529</u>
	<u>1,834,456</u>	<u>7,739,275</u>	<u>9,573,731</u>	<u>2,050,121</u>	<u>6,196,618</u>	<u>8,246,739</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Exploration and Evaluation Assets (continued)**

	<b>Finland</b>	<b>Sweden</b>	
	<b>Gold Projects \$</b>	<b>Other Projects \$</b>	<b>Total \$</b>
<b>Balance at May 31, 2012</b>	4,889,442	11,481	4,900,923
<b>Exploration costs</b>			
Assays	540,088	-	540,088
Consulting	170,585	-	170,585
Database	-	11,915	11,915
Drilling	500,339	-	500,339
Exploration site	49,220	1,694	50,914
Field equipment	37,412	-	37,412
Field workers	122,320	-	122,320
Geological	488,519	8,478	496,997
Logging	164,235	-	164,235
Maps	32,745	12,038	44,783
Salaries and benefits	282,882	57,229	340,111
Travel	11,777	8,342	20,119
Vehicle rental	2,382	2,567	4,949
	<u>2,402,504</u>	<u>102,263</u>	<u>2,504,767</u>
<b>Acquisition costs</b>			
Mining rights	554,264	-	554,264
Permits	-	288,293	288,293
	<u>554,264</u>	<u>288,293</u>	<u>842,557</u>
<b>Impairment</b>	<u>-</u>	<u>(1,508)</u>	<u>(1,508)</u>
<b>Balance at May 31, 2013</b>	<u>7,846,210</u>	<u>400,529</u>	<u>8,246,739</u>
<b>Exploration costs</b>			
Assays	190,110	-	190,110
Consulting	72,674	-	72,674
Drilling	154,168	-	154,168
Exploration site	78,453	1,769	80,222
Field equipment	43,903	-	43,903
Field workers	128,344	-	128,344
Fuel	19,126	-	19,126
Geological	428,541	11,823	440,364
Logging	29,064	-	29,064
Maps	2,729	-	2,729
Salaries and benefits	315,022	22,363	337,385
Travel	39,323	5,420	44,743
Vehicle rental	39,626	5,743	45,369
	<u>1,541,083</u>	<u>47,118</u>	<u>1,588,201</u>
<b>Acquisition costs</b>			
Recoveries	<u>-</u>	<u>(165,565)</u>	<u>(165,565)</u>
<b>Impairment</b>	<u>-</u>	<u>(95,644)</u>	<u>(95,644)</u>
<b>Balance at February 28, 2014</b>	<u>9,387,293</u>	<u>186,438</u>	<u>9,573,731</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**8. Exploration and Evaluation Assets (continued)**

As at February 28, 2014 the Company maintained the following:

(i) *Finland*

In 2010 the Company acquired 170 claims and claim applications in Finland for \$1,403,956 cash. The Company also holds or has made other claim applications in various areas of Finland. As at February 28, 2014 the Company holds a total of 121 claims, 710 claim applications, 12 claim reservations and one exploration permit application in Finland.

The Company has been dealing with certain Finnish environmental authorities in regards to issues arising from the Company's hand dug trenches at Rompas, Finland, completed during the 2010 and 2011 work programs. The main issue involves claims that the Company's hand dug trenches have affected the nature values of the area where the work was undertaken. The Company has recently been informed that the investigative process is complete and the matter has been forwarded to trial, to be heard in the third quarter of 2014. The Company believes that the claims are without merit and will vigorously defend itself and its employees.

(ii) *Sweden*

During the nine months ended February 28, 2014 the Company surrendered certain exploration permits in Sweden and recorded an impairment charge of \$95,644 in exploration and evaluation assets.

As at February 28, 2014 the Company holds a total of 7 claims and one exploration permit application in Sweden.

**9. Share Capital**

(a) *Authorized Share Capital*

As at February 28, 2014 and May 31, 2013 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

In July 2013 the Company announced a non-brokered private placement of 9,344,417 units of the Company at \$0.45 per unit for gross proceeds of \$4,204,987. On August 2, 2013 the Company completed the first tranche of the private placement and issued 5,710,417 units for gross proceeds of \$2,569,687 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.65 expiring August 2, 2015.

On September 9, 2013 the Company completed the final tranche of this private placement and issued 3,634,000 units for gross proceeds of \$1,635,300 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.65 expiring September 9, 2015.

During the nine months ended February 28, 2014 the Company incurred \$57,647 for legal and filing costs associated with the private placement.

There were no equity financings conducted by the Company during fiscal 2013.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**9. Share Capital (continued)**

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2014 and 2013 and the changes for the nine months ended on those dates, is as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	4,920,667	0.857	8,797,137	0.93
Issued	4,672,208	0.65	-	-
Exercised	-	-	(3,747,058)	1.02
Expired	-	-	(129,412)	1.02
Balance, end of period	<u>9,592,875</u>	<u>0.76</u>	<u>4,920,667</u>	<u>0.857</u>

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2014:

<u>Number</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
4,920,667	0.857	May 12, 2014
2,855,208	0.65	August 2, 2015
<u>1,817,000</u>	<u>0.65</u>	<u>September 9, 2015</u>
<u>9,592,875</u>		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the nine months ended February 28, 2014 the Company granted 3,890,000 (2013 - 50,000) share options and recorded share-based compensation expense of \$855,800 (2013 - \$41,000).

The fair value of share options granted during the nine months ended February 28, 2014 and 2013 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2014</u>	<u>2013</u>
Risk-free interest rate	1.42%	1.14%
Estimated volatility	80%	86%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all share options granted during the nine months ended February 28, 2014 was \$0.22 (2013 - \$0.82) per option.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**9. Share Capital (continued)**

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

A summary of the Company's share options at February 28, 2014 and 2013 and the changes for the nine months ended on those dates, is as follows:

	2014		2013	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	2,513,000	1.04	2,473,000	1.02
Granted	3,890,000	0.52	50,000	1.49
Exercised	-	-	(36,900)	0.52
Expired	<u>(1,968,000)</u>	0.95	<u>-</u>	-
Balance, end of period	<u>4,435,000</u>	0.62	<u>2,486,100</u>	1.03

The following table summarizes information about the share options outstanding and exercisable at February 28, 2014:

Number	Exercise Price \$	Expiry Date
220,000	1.72	August 2, 2014
100,000	1.30	May 5, 2015
125,000	1.24	May 29, 2015
100,000	0.65	May 1, 2016
<u>3,890,000</u>	0.52	October 7, 2016
<u>4,435,000</u>		

**10. Related Party Disclosures**

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

(a) *Transactions with Key Management Personnel*

During the nine months ended February 28, 2014 and 2013 the following amounts were incurred with respect to the Company's President, Chief Financial Officer ("CFO"), current Vice-President of Exploration, and former Vice-President of Exploration:

	2014 \$	2013 \$
Management fees	121,500	121,500
Professional fees	170,561	155,943
Rent for apartment	51,173	-
Share-based compensation	<u>264,000</u>	<u>-</u>
	<u>607,234</u>	<u>277,443</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**10. Related Party Disclosures** (continued)

Professional fees of \$145,821 (2013 - \$77,959) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at February 28, 2014, \$19,459 (2012 - \$33,915) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President, which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at \$13,500 per month, is payable. If the termination had incurred on February 28, 2014, the amount payable under the agreement would be \$324,000.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended February 28, 2014 and 2013 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2014 \$	2013 \$
Salaries and benefits	42,750	-
Professional fees	90,000	90,000
Share-based compensation	389,400	-
	<u>522,150</u>	<u>90,000</u>

As at February 28, 2014, \$20,000 (2013 - \$20,000) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended February 28, 2014 the Company incurred a total of \$40,300 (2013 - \$34,200) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$3,015 (2013 - \$3,600) for rent. As at February 28, 2014, \$3,970 (2013 - \$3,400) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the nine months ended February 28, 2014 the Company recovered \$79,305 (2013 - \$34,123) for shared office personnel and costs from public companies with common directors and officers. As at February 28, 2014, \$6,804 (2013 - \$6,365) of the amount remained outstanding and has been included in amounts receivable.

(d) During the nine months ended February 28, 2013 the Company incurred \$23,059 for shared office personnel and costs with public companies with common directors and officers. As at February 28, 2013, \$2,868 of the amount remained outstanding and has been included in accounts payable and accrued liabilities.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**11. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>February 28, 2014 \$</b>	<b>May 31, 2013 \$</b>
Cash	FVTPL	6,372,261	5,209,513
Amounts receivable	Loans and receivables	11,821	24,693
Investments	Available-for-sale	179,500	114,750
Accounts payable and accrued liabilities	Other liabilities	(434,332)	(410,427)

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

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

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

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

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

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

*Credit Risk*

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

*Liquidity Risk*

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

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**11. Financial Instruments and Risk Management (continued)**

<b>Contractual Maturity Analysis at February 28, 2014</b>					
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	6,372,261	-	-	-	6,372,261
Amounts receivable	11,821	-	-	-	11,821
Investments	-	-	179,500	-	179,500
Accounts payable and accrued liabilities	(434,332)	-	-	-	(434,332)

  

<b>Contractual Maturity Analysis at May 31, 2013</b>					
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	5,209,513	-	-	-	5,209,513
Amounts receivable	24,693	-	-	-	24,693
Investments	-	-	114,750	-	114,750
Accounts payable and accrued liabilities	(410,427)	-	-	-	(410,427)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, Euros and Swedish Kronors ("SEK"). The Company maintains Euros bank accounts in Finland, SEK bank accounts in Sweden, and a US Dollar bank account in Canada to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At February 28, 2014, 1 Canadian Dollar was equal to 0.65 Euros, 5.79 SEK and 0.90 US Dollars.

Balances are as follows:

	<b>Finland Euros</b>	<b>Swedish Kronors</b>	<b>US Dollars</b>	<b>CDN \$ Equivalent</b>
Cash	210,566	239,151	13,715	380,491
Amounts receivable	25,187	44,384	-	46,414
Accounts payable and accrued liabilities	<u>(202,418)</u>	<u>(288,570)</u>	<u>-</u>	<u>(361,252)</u>
	<u>33,335</u>	<u>(5,035)</u>	<u>13,715</u>	<u>65,653</u>

Based on the net exposures as of February 28, 2014 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euros, SEK and US Dollar would result in the Company's net loss being approximately \$6,000 higher (or lower).



**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

**11. Financial Instruments and Risk Management** (continued)

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**12. Supplemental Cash Flow Information**

During the nine months ended February 28, 2014 and 2013 non-cash activities were conducted by the Company as follows:

	2014 \$	2013 \$
Operating activity		
Increase in accounts payable and accrued liabilities	<u>77,245</u>	<u>496,199</u>
Investing activity		
Additions to exploration and evaluation assets	<u>(77,245)</u>	<u>(496,199)</u>
Financing activities		
Issuance of share capital	-	15,108
Share-based payments reserve	<u>-</u>	<u>(15,108)</u>
	<u>-</u>	<u>-</u>

**13. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at February 28, 2014 the Company's exploration and evaluation assets are located in Finland and Sweden and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

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

	<u>As at February 28, 2014</u>				
	<u>Canada</u>	<u>Sweden</u>	<u>Finland</u>	<u>Peru</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Current assets	6,047,732	53,350	380,384	-	6,481,466
Investments	179,500	-	-	-	179,500
Property, plant and equipment	47,641	9,860	4,421	209,108	271,030
Exploration and evaluation assets	<u>-</u>	<u>186,438</u>	<u>9,387,293</u>	<u>-</u>	<u>9,573,731</u>
	<u>6,274,873</u>	<u>249,648</u>	<u>9,772,098</u>	<u>209,108</u>	<u>16,505,727</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2014**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**13. Segmented Information**

	<b>As at May 31, 2013</b>				
	<b>Canada</b>	<b>Sweden</b>	<b>Finland</b>	<b>Peru</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current assets	5,158,638	56,113	142,930	-	5,357,681
Investments	114,750	-	-	-	114,750
Property, plant and equipment	57,931	14,706	5,895	218,426	296,958
Exploration and evaluation assets	-	400,529	7,846,210	-	8,246,739
	<u>5,331,319</u>	<u>471,348</u>	<u>7,995,035</u>	<u>218,426</u>	<u>14,016,128</u>