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**MAWSON RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
FEBRUARY 29, 2016

*(Unaudited - Expressed in Canadian Dollars)*

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

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	Note	February 29, 2016 \$	May 31, 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		5,265,832	4,371,419
Amounts receivable		34,053	27,557
GST/VAT receivable		55,544	32,167
Prepaid expenses and deposits		<u>38,588</u>	<u>45,171</u>
<b>Total current assets</b>		<u>5,394,017</u>	<u>4,476,314</u>
<b>Non-current assets</b>			
Investments	5	84,315	65,751
Property, plant and equipment	6	28,446	230,532
Exploration and evaluation assets	7	<u>13,596,717</u>	<u>11,975,725</u>
<b>Total non-current assets</b>		<u>13,709,478</u>	<u>12,272,008</u>
<b>TOTAL ASSETS</b>		<u>19,103,495</u>	<u>16,748,322</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>581,048</u>	<u>326,446</u>
<b>TOTAL LIABILITIES</b>		<u>581,048</u>	<u>326,446</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	42,339,913	39,225,378
Share-based payments reserve		6,071,217	6,069,717
Deficit		(29,155,895)	(28,121,867)
Accumulated other comprehensive loss		<u>(732,788)</u>	<u>(751,352)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>18,522,447</u>	<u>16,421,876</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>19,103,495</u>	<u>16,748,322</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 8, 2016 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 29, 2016 \$	February 28, 2015 \$	February 29, 2016 \$	February 28, 2015 \$
<b>Expenses</b>					
Accounting and administration	9(b)(ii)	18,071	19,365	65,459	61,799
Audit		112	4,591	41,332	46,128
Corporate development		10,210	10,293	45,148	25,377
Depreciation		2,836	6,219	8,508	19,720
General exploration		37,812	11,927	58,825	47,685
Investor relations		-	7,375	-	23,375
Legal		65,415	8,812	81,951	168,950
Management fees	9(a)	45,000	45,000	135,000	132,000
Office and sundry		39,900	57,877	78,208	113,068
Professional fees	9	86,395	82,371	260,768	362,374
Regulatory fees		5,940	9,459	17,024	26,931
Rent		14,264	12,202	37,609	45,494
Salaries and benefits		49,874	49,056	147,379	166,048
Shareholder costs		4,172	5,124	12,471	13,569
Share-based compensation	8(d)	-	-	-	53,000
Transfer agent		6,447	2,160	8,003	7,848
Travel		80,281	59,881	187,135	268,574
		<u>466,729</u>	<u>391,712</u>	<u>1,184,820</u>	<u>1,581,940</u>
<b>Loss before other items</b>		<u>(466,729)</u>	<u>(391,712)</u>	<u>(1,184,820)</u>	<u>(1,581,940)</u>
<b>Other items</b>					
Gain on sale of property, plant and equipment	6	-	-	99,235	-
Interest and other income		12,585	17,886	30,657	59,520
Foreign exchange		(436)	(3,265)	20,900	(64,919)
Court judgment and associated costs		-	(37,643)	-	(62,643)
		<u>12,149</u>	<u>(23,022)</u>	<u>150,792</u>	<u>(68,042)</u>
<b>Net loss for the period</b>		<u>(454,580)</u>	<u>(414,734)</u>	<u>(1,034,028)</u>	<u>(1,649,982)</u>
<b>Other comprehensive (loss) gain</b>		<u>15,327</u>	<u>69</u>	<u>18,564</u>	<u>(37,075)</u>
<b>Comprehensive loss for the period</b>		<u>(439,253)</u>	<u>(414,665)</u>	<u>(1,015,464)</u>	<u>(1,687,057)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>
<b>Weighted average number of common shares outstanding</b>		<u>90,132,775</u>	<u>74,549,971</u>	<u>79,744,239</u>	<u>69,244,393</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 29, 2016</b>						
	<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Accumulated Other Comprehensive (Loss) Income \$</b>	<b>Total Equity \$</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at May 31, 2015</b>	74,549,971	39,225,378	6,069,717	(28,121,867)	(751,352)	16,421,876
Common shares issued for:						
Cash - private placement	15,720,392	3,144,078	-	-	-	3,144,078
Finders fee	37,500	6,000	1,500	-	-	7,500
Share issue costs	-	(35,543)	-	-	-	(35,543)
Unrealized income on investments	-	-	-	-	18,564	18,564
Net loss for the period	-	-	-	(1,034,028)	-	(1,034,028)
<b>Balance at February 29, 2016</b>	<b>90,307,863</b>	<b>42,339,913</b>	<b>6,071,217</b>	<b>(29,155,895)</b>	<b>(732,788)</b>	<b>18,522,447</b>

<b>Nine Months Ended February 28, 2015</b>						
	<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Accumulated Other Comprehensive Loss \$</b>	<b>Total Equity \$</b>
	<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at May 31, 2014</b>	65,425,728	36,233,702	6,016,717	(26,107,345)	(692,309)	15,450,765
Common shares issued for:						
Cash - private placement	9,124,243	3,011,000	-	-	-	3,011,000
Share issue costs	-	(19,324)	-	-	-	(19,324)
Share-based compensation	-	-	53,000	-	-	53,000
Unrealized loss on investments	-	-	-	-	(37,075)	(37,075)
Net loss for the period	-	-	-	(1,649,982)	-	(1,649,982)
<b>Balance at February 28, 2015</b>	<b>74,549,971</b>	<b>39,225,378</b>	<b>6,069,717</b>	<b>(27,757,327)</b>	<b>(729,384)</b>	<b>16,808,384</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 29, 2016 \$</b>	<b>February 28, 2015 \$</b>
<b>Operating activities</b>		
Net loss for the period	(1,034,028)	(1,649,982)
Adjustments for:		
Depreciation	8,508	19,720
Share-based compensation	-	53,000
Gain on sale of property, plant and equipment	(99,235)	-
Changes in non-cash working capital items:		
Amounts receivable	(6,496)	5,663
GST/VAT receivables	(23,377)	22,842
Prepaid expenses and deposits	6,583	12,283
Accounts payable and accrued liabilities	(49,252)	(9,662)
<b>Net cash used in operating activities</b>	<u>(1,197,297)</u>	<u>(1,546,136)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(1,317,138)	(1,734,365)
Proceeds on sale of property, plant and equipment	292,813	-
<b>Net cash used in investing activities</b>	<u>(1,024,325)</u>	<u>(1,734,365)</u>
<b>Financing activities</b>		
Issuance of share capital	3,144,078	3,011,000
Share issue costs	(28,043)	(19,324)
<b>Net cash provided by financing activities</b>	<u>3,116,035</u>	<u>2,991,676</u>
<b>Net change in cash</b>	894,413	(288,825)
<b>Cash at beginning of period</b>	<u>4,371,419</u>	<u>5,376,279</u>
<b>Cash at end of period</b>	<u>5,265,832</u>	<u>5,087,454</u>

**Supplemental cash flow information - Note 11**

*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 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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 29, 2016 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. 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. However, 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, 2015, 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, 2015.

*Basis of Presentation*

The preparation of financial statements requires management to make judgments, 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 judgments 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, 2015. 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, 2015.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**4. Subsidiaries**

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. Investments**

<u>As at February 29, 2016</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>	
	<u>\$</u>	<u>Unrealized</u>	<u>Value</u>	
		<u>(Loss) Income</u>	<u>\$</u>	
		<u>\$</u>		
Common shares				
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(662,500)	52,500
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(42,187)	2,813
Thomson Resources Ltd. ("Thomson")	600,000	16,603	12,399	29,002
		<u>776,603</u>	<u>(692,288)</u>	<u>84,315</u>
<u>As at May 31, 2015</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Carrying</u>	
	<u>\$</u>	<u>Unrealized</u>	<u>Value</u>	
		<u>Loss</u>	<u>\$</u>	
		<u>\$</u>		
Common shares				
Hansa	3,500,000	715,000	(662,500)	52,500
Kingsmen	37,500	45,000	(40,875)	4,125
Thomson	600,000	16,603	(7,477)	9,126
		<u>776,603</u>	<u>(710,852)</u>	<u>65,751</u>

The carrying values of the investments were determined using quoted market values.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. Property, Plant and Equipment**

Cost:	Condominium \$	Office Furniture and Equipment	Field Equipment	Vehicles	Total \$
		\$	\$	\$	
Balance at May 31, 2014	248,450	29,744	74,069	158,504	510,767
Disposal	-	(19,286)	-	-	(19,286)
Balance at May 31, 2015	248,450	10,458	74,069	158,504	491,481
Disposal	(248,450)	-	-	-	(248,450)
Balance at February 29, 2016	-	10,458	74,069	158,504	243,031
<b>Accumulated Depreciation:</b>					
Balance at May 31, 2014	(42,448)	(21,001)	(33,302)	(152,218)	(248,969)
Depreciation	(12,424)	(5,580)	(12,585)	(677)	(31,266)
Disposal	-	19,286	-	-	19,286
Balance at May 31, 2015	(54,872)	(7,295)	(45,887)	(152,895)	(260,949)
Depreciation	-	(1,569)	(6,939)	-	(8,508)
Disposal	54,872	-	-	-	54,872
Balance at February 29, 2016	-	(8,864)	(52,826)	(152,895)	(214,585)
<b>Carrying Value:</b>					
Balance at May 31, 2015	193,578	3,163	28,182	5,609	230,532
Balance at February 29, 2016	-	1,594	21,243	5,609	28,446

In June 2015 the Company sold its condominium for net proceeds of \$292,813 and recorded a gain of \$99,235.

**7. Exploration and Evaluation Assets**

	As at February 29, 2016			As at May 31, 2015		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Gold Projects	2,171,203	11,360,534	13,531,737	2,086,965	9,828,636	11,915,601
Sweden						
Other Projects	63,636	1,344	64,980	58,780	1,344	60,124
	<u>2,234,839</u>	<u>11,361,878</u>	<u>13,596,717</u>	<u>2,145,745</u>	<u>9,829,980</u>	<u>11,975,725</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

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

	<u>Finland</u>	<u>Sweden</u>	
	Gold Projects \$	Other Projects \$	Total \$
<b>Balance at May 31, 2014</b>	<u>9,980,563</u>	<u>34,364</u>	<u>10,014,927</u>
<b>Exploration costs</b>			
Assays	243,675	-	243,675
Consulting	53,065	-	53,065
Core logging	24,129	-	24,129
Drilling	303,950	-	303,950
Exploration site	15,622	-	15,622
Field equipment	182,318	-	182,318
Field workers	118,896	-	118,896
Fuel	39,636	-	39,636
Geological	388,428	-	388,428
Salaries and benefits	354,390	-	354,390
Travel	34,263	-	34,263
Vehicle rental	91,871	-	91,871
	<u>1,850,243</u>	<u>-</u>	<u>1,850,243</u>
<b>Acquisition costs</b>			
Mining rights	57,470	25,760	83,230
Deposit	27,325	-	27,325
	<u>84,795</u>	<u>25,760</u>	<u>110,555</u>
<b>Balance at May 31, 2015</b>	<u>11,915,601</u>	<u>60,124</u>	<u>11,975,725</u>
<b>Exploration costs</b>			
Assays	39,893	-	39,893
Consulting	5,523	-	5,523
Core logging	47,884	-	47,884
Drilling	787,217	-	787,217
Exploration site	3,889	-	3,889
Field equipment	12,634	-	12,634
Fuel	19,735	-	19,735
Geological	103,064	-	103,064
Geophysics	139,853	-	139,853
Salaries and benefits	318,495	-	318,495
Travel	7,417	-	7,417
Vehicle rental	46,294	-	46,294
	<u>1,531,898</u>	<u>-</u>	<u>1,531,898</u>
<b>Acquisition costs</b>			
Mining rights	84,238	4,856	89,094
<b>Balance at February 29, 2016</b>	<u>13,531,737</u>	<u>64,980</u>	<u>13,596,717</u>

(a) ***Finland***

As at February 29, 2016 the Company holds a total of 18 claims and exploration permits which have been granted, reserved or are under application in Finland.

(b) ***Sweden***

As at February 29, 2016 the Company holds a total of 8 claims in Sweden.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Share Capital**

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

(i) During the nine months ended February 29, 2015 the Company completed a non-brokered private placement of 15,720,392 units of the Company at \$0.20 per unit for gross proceeds of \$3,144,078 3,011,000 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 \$0.30 for a period of two years expiring December 2, 2017. The Company incurred \$35,543 for legal and filing costs associated with the private placement. Directors, officers and related entities of the Company acquired 8,060,000 units of this private placement.

The Company also issued 37,500 finders units, having the same terms as the private placement units, at an ascribed value of \$7,500. The fair value of the underlying warrants to the finder's units was estimated to be \$1,500, using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.61%; expected volatility of 86.5; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

(ii) During fiscal 2015 the Company completed a non-brokered private placement of 9,124,243 units of the Company at \$0.33 per unit for gross proceeds of \$3,011,000 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 \$0.50 for a period of two years expiring October 10, 2016. The Company incurred \$19,324 for legal and filing costs associated with the private placement. A related entity of the Company acquired 3,030,303 units of this private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 29, 2016 and February 28, 2015 and the changes for the nine months ended on those dates, is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	9,234,328	0.58	4,672,208	0.65
Issued	7,879,444	0.30	4,562,120	0.50
Balance, end of period	17,113,772	0.45	9,234,328	0.58

During the nine months ended February 29, 2016 the Company extended the expiry dates of the 2,855,208 warrants, from August 2, 2015 to August 2, 2016, and the 1,817,000 warrants, from September 9, 2015 to September 9, 2016. All other terms of the warrants remained the same.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Share Capital (continued)**

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 29, 2016:

Number	Exercise Price \$	Expiry Date
2,855,208	0.65	August 2, 2016
1,817,000	0.65	September 9, 2016
4,562,120	0.50	October 10, 2016
<u>7,879,444</u>	0.30	December 2, 2017
<u>17,113,772</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.

No share options were granted during the nine months ended February 29, 2016.

During the nine months ended February 28, 2015 the Company granted share options to purchase 380,000 common shares and recorded compensation expense of \$53,000. The fair value of share options granted during the nine months ended February 28, 2015 was estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.22%; estimated volatility of 70% - 75%; expected life of 3 years; expected dividend yield of 0%; estimated forfeiture rate of 0%. The weighted average fair value of all share options granted during the nine months ended February 28, 2015 was \$0.14 per option.

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

A summary of the Company's share options at February 29, 2016 and February 28, 2015 and the changes for the nine months ended on those dates, is as follows:

	<u>2016</u>		<u>2015</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	4,300,000	0.51	4,435,000	0.62
Granted	-	-	380,000	0.40
Expired	<u>(30,000)</u>	0.52	<u>(285,000)</u>	1.51
Balance, end of period	<u>4,270,000</u>	0.50	<u>4,530,000</u>	0.55

**MAWSON RESOURCES LIMITED**  
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**8. Share Capital (continued)**

The following table summarizes information about the share options outstanding and exercisable at February 29, 2016:

Number	Exercise Price \$	Expiry Date
100,000	0.65	May 1, 2016
3,790,000	0.52	October 7, 2016
300,000	0.45	September 16, 2017
<u>80,000</u>	0.20	November 7, 2017
<u>4,270,000</u>		

**9. 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 29, 2016 and February 28, 2015 the following amounts were incurred with respect to the Company's President, Chief Financial Officer ("CFO") and Vice-President of Exploration:

	2016 \$	2015 \$
Management fees	135,000	132,000
Professional fees	<u>120,372</u>	<u>163,347</u>
	<u>255,372</u>	<u>295,347</u>

Professional fees of \$98,372 (2015 - \$140,847) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at February 29, 2016, \$28,688 (2015 - \$71,530) 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 \$15,000 per month, is payable. If the termination had occurred on February 29, 2016 the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended February 29, 2016 and February 28, 2015 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2016 \$	2015 \$
Salaries	60,750	56,750
Professional fees	<u>86,000</u>	<u>90,000</u>
	<u>146,750</u>	<u>146,750</u>

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

As at February 29, 2016, \$7,500 (2015 - \$25,000) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

- (ii) During the nine months ended February 29, 2016 the Company incurred a total of \$38,850 (2015 - \$35,400) 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 (2015 - \$3,015) for rent. As at February 29, 2016, \$3,670 (2015 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During the nine months ended February 29, 2016 the Company recovered \$40,222 (2015 - \$53,607) for shared office personnel and costs from public companies with common directors and officers. As at February 29, 2016, \$5,800 (2015 - \$6,525) of the amount remained outstanding and has been included in amounts receivable.
- (d) During the nine months ended February 29, 2016 the Company incurred \$1,480 (2015 - \$3,664) for shared office administration costs with a public company with common directors and officers. As at February 29, 2016, \$nil (2015 - \$173) of the amount remained outstanding and has been included in accounts payable and accrued liabilities.
- (e) See also Note 8(b).

**10. 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; available-for-sale and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>February 29, 2016 \$</b>	<b>May 31, 2015 \$</b>
Cash	FVTPL	5,265,832	4,371,419
Amounts receivable	Loans and receivables	34,053	27,557
Investments	Available-for-sale	84,315	65,751
Accounts payable and accrued liabilities	Other financial liabilities	(581,048)	(326,446)

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.

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

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.

	<b>Contractual Maturity Analysis at February 29, 2016</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>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	5,265,832	-	-	-	5,265,832
Amounts receivable	34,053	-	-	-	34,053
Investments	-	-	84,315	-	84,315
Accounts payable and accrued liabilities	(581,048)	-	-	-	(581,048)

	<b>Contractual Maturity Analysis at May 31, 2015</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>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	4,371,419	-	-	-	4,371,419
Amounts receivable	27,557	-	-	-	27,557
Investments	-	-	65,751	-	65,751
Accounts payable and accrued liabilities	(326,446)	-	-	-	(326,446)

*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

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

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 29, 2016, 1 Canadian Dollar was equal to 0.68 Euro, 6.32 SEK and 0.74 US Dollar.

Balances are as follows:

	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	586,718	98,103	321,691	1,313,061
Amounts receivable	48,218	23,287	-	74,594
Accounts payable and accrued liabilities	<u>(348,056)</u>	<u>(142,599)</u>	<u>-</u>	<u>(534,410)</u>
	<u>286,880</u>	<u>(21,209)</u>	<u>321,691</u>	<u>853,245</u>

Based on the net exposures as of February 29, 2016 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK and US Dollar would result in the Company's net loss being approximately \$86,000 higher (or lower).

*Capital Management*

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

**11. Supplemental Cash Flow Information**

During the nine months ended February 29, 2016 and February 28, 2015 non-cash activities were conducted by the Company as follows:

	2016 \$	2015 \$
Operating activity		
Accounts payable and accrued liabilities	<u>303,854</u>	<u>(18,568)</u>
Investing activity		
Exploration and evaluation assets	<u>(303,854)</u>	<u>18,568</u>
Financing activities		
Issuance of share capital	7,500	-
Share issue costs	<u>(7,500)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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**12. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at February 29, 2016 and May 31, 2015 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:

	<b>As at February 29, 2016</b>				
	<b>Canada</b>	<b>Sweden</b>	<b>Finland</b>	<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Current assets	4,425,939	19,959	948,119	5,394,017	
Investments	84,315	-	-	84,315	
Property, plant and equipment	3,660	6,034	18,752	28,446	
Exploration and evaluation assets	-	64,980	13,531,737	13,596,717	
	<u>4,513,914</u>	<u>90,973</u>	<u>14,498,608</u>	<u>19,103,495</u>	
	<b>As at May 31, 2015</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	4,328,289	46,473	101,552	-	4,476,314
Investments	65,751	-	-	-	65,751
Property, plant and equipment	4,706	6,034	26,214	193,578	230,532
Exploration and evaluation assets	-	60,124	11,915,601	-	11,975,725
	<u>4,398,746</u>	<u>112,631</u>	<u>12,043,367</u>	<u>193,578</u>	<u>16,748,322</u>