
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2013

(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 consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

	Note	November 30, 2013 \$	May 31, 2013 \$
ASSETS			
Current assets			
Cash	5	7,061,938	5,209,513
Amounts receivable		48,600	24,693
GST/VAT receivables		121,277	52,479
Prepaid expenses and deposits		<u>29,256</u>	<u>70,996</u>
Total current assets		<u>7,261,071</u>	<u>5,357,681</u>
Non-current assets			
Investments	6	77,500	114,750
Property, plant and equipment	7	279,672	296,958
Exploration and evaluation assets	8	<u>9,194,342</u>	<u>8,246,739</u>
Total non-current assets		<u>9,551,514</u>	<u>8,658,447</u>
TOTAL ASSETS		<u>16,812,585</u>	<u>14,016,128</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>387,052</u>	<u>410,427</u>
TOTAL LIABILITIES		<u>387,052</u>	<u>410,427</u>
SHAREHOLDERS' EQUITY			
Share capital	9	36,233,702	32,086,361
Share-based payments reserve		6,016,717	5,160,917
Deficit		(25,101,886)	(22,955,827)
Accumulated other comprehensive loss		<u>(723,000)</u>	<u>(685,750)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>16,426,533</u>	<u>13,605,701</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>16,812,585</u>	<u>14,016,128</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 13, 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)

	Notes	Three Months Ended November 30		Six Months Ended November 30	
		2013 \$	2012 \$	2013 \$	2012 \$
Expenses					
Accounting and administration		34,822	29,474	69,969	55,074
Audit		27,158	57,835	47,733	66,035
Corporate development		35,855	11,303	45,850	28,575
Depreciation		8,643	8,698	17,286	16,610
General exploration		90,984	136,096	193,661	280,031
Investor relations		9,000	19,500	18,000	39,000
Legal		17,334	27,839	45,798	44,089
Management fees	10(a)	40,500	40,500	81,000	81,000
Office and sundry		28,359	77,264	57,975	110,748
Professional fees	10	142,098	89,625	281,582	210,086
Regulatory fees		4,860	4,769	19,895	26,284
Rent	10(a)	17,771	13,391	58,446	25,541
Salaries and benefits	10(b)	46,059	34,130	114,897	66,172
Shareholder costs		6,343	4,119	10,439	8,980
Share-based compensation	9(d), 10	855,800	-	855,800	41,000
Transfer agent		7,406	1,787	8,639	3,628
Travel		101,954	93,219	203,298	192,144
		<u>1,474,946</u>	<u>649,549</u>	<u>2,130,268</u>	<u>1,294,997</u>
Loss before other items		<u>(1,474,946)</u>	<u>(649,549)</u>	<u>(2,130,268)</u>	<u>(1,294,997)</u>
Other items					
Interest and other income		33,815	41,042	60,866	63,449
Impairment of exploration and evaluation assets	8	(750)	-	(95,644)	-
Foreign exchange		10,289	(697)	18,987	(14,883)
Unrealized loss on held-for-trading investments		-	(1,350)	-	(2,850)
		<u>43,354</u>	<u>38,995</u>	<u>(15,791)</u>	<u>45,716</u>
Loss before deferred income tax		<u>(1,431,592)</u>	<u>(610,554)</u>	<u>(2,146,059)</u>	<u>(1,249,281)</u>
Deferred income tax		<u>-</u>	<u>(5,400)</u>	<u>-</u>	<u>6,600</u>
Net loss for the period		<u>(1,431,592)</u>	<u>(615,954)</u>	<u>(2,146,059)</u>	<u>(1,242,681)</u>
Other comprehensive loss, net of deferred income tax					
		<u>(37,250)</u>	<u>(131,600)</u>	<u>(37,250)</u>	<u>(47,600)</u>
Comprehensive loss for the period		<u>(1,468,842)</u>	<u>(747,554)</u>	<u>(2,183,309)</u>	<u>(1,290,281)</u>
Basic and diluted loss per common share					
		<u>\$(0.02)</u>	<u>\$(0.01)</u>	<u>\$(0.03)</u>	<u>\$(0.02)</u>
Weighted average number of common shares outstanding					
		<u>65,102,706</u>	<u>54,291,585</u>	<u>61,543,745</u>	<u>53,262,697</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)

Six Months Ended November 30, 2013						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2013	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 loss on investments	-	-	-	-	(37,250)	(37,250)
Net loss for the period	-	-	-	(2,146,059)	-	(2,146,059)
Balance at November 30, 2013	65,425,728	36,233,702	6,016,717	(25,101,886)	(723,000)	(16,425,533)

Six Months Ended November 30, 2012						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2012	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	10,000	8,200	-	-	-	8,200
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	-	6,500	(6,500)	-	-	-
Unrealized loss on investments	-	-	-	-	(54,200)	(54,200)
Deferred income tax on unrealized loss on investments	-	-	-	-	6,600	6,600
Net loss for the period	-	-	-	(1,242,681)	-	(1,242,681)
Balance at November 30, 2012	55,981,311	32,013,361	5,162,917	(21,740,744)	(523,100)	14,912,434

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)

	Six Months Ended November 30,	
	2013 \$	2012 \$
Operating activities		
Net loss for the period	(2,146,059)	(1,242,681)
Adjustments for:		
Depreciation	17,286	16,610
Share-based compensation	855,800	41,000
Impairment of exploration and evaluation assets	95,644	-
Unrealized loss on investments	-	2,850
Deferred income tax	-	(6,600)
	<u>(1,177,329)</u>	<u>(1,188,821)</u>
Changes in non-cash working capital items:		
(Increase) decrease in amounts receivable	(23,907)	3,373
(Increase) decrease in GST/VAT receivables	(68,798)	60,623
Decrease (increase) in prepaid expenses and deposits	41,740	(10,999)
Decrease in accounts payable and accrued liabilities	(21,656)	(118,058)
	<u>(72,621)</u>	<u>(65,061)</u>
Net cash used in operating activities	<u>(1,249,950)</u>	<u>(1,253,882)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(1,044,966)	(1,513,589)
Additions to property, plant and equipment	-	(10,458)
Net cash used in investing activities	<u>(1,044,966)</u>	<u>(1,524,047)</u>
Financing activities		
Issuance of share capital	4,204,988	3,830,199
Share issue costs	(57,647)	-
Net cash provided by financing activities	<u>4,147,341</u>	<u>3,830,199</u>
Net change in cash	1,852,425	1,052,270
Cash at beginning of period	<u>5,209,513</u>	<u>7,351,494</u>
Cash at end of period	<u>7,061,938</u>	<u>8,403,764</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 SIX MONTHS ENDED NOVEMBER 30, 2013
(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 November 30, 2013 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 SIX MONTHS ENDED NOVEMBER 30, 2013
(Unaudited - Expressed in Canadian Dollars)

4. Subsidiaries

As at November 30, 2013 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

	November 30, 2013 \$	May 31, 2013 \$
Cash	7,061,938	883,767
Demand deposits	-	4,325,746
	<u>7,061,938</u>	<u>5,209,513</u>

6. Investments

<u>As at November 30, 2013</u>			
Number	Cost \$	Accumulated Compre- hensive Loss \$	Carrying Value \$
Common shares			
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(645,000)
Tumi Resources Limited ("Tumi")	75,000	<u>45,000</u>	<u>(37,500)</u>
		<u>760,000</u>	<u>(682,500)</u>
			<u>77,500</u>
<u>As at May 31, 2013</u>			
Number	Cost \$	Accumulated Compre- hensive Loss \$	Carrying Value \$
Common shares			
Hansa	3,500,000	715,000	(610,000)
Tumi	75,000	<u>45,000</u>	<u>(35,250)</u>
		<u>760,000</u>	<u>(645,250)</u>
			<u>114,750</u>

- (a) As at November 30, 2013 the quoted market value of the 3,500,000 common shares of Hansa was \$70,000 (May 31, 2013 - \$105,000).
- (b) As at November 30, 2013 the quoted market value of the 75,000 common shares of Tumi was \$7,500 (May 31, 2013 - \$9,750).

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7. Property, Plant and Equipment

Cost:	Office Furniture and Equipment				Total \$
	Condominium \$	Equipment \$	Field Equipment \$	Vehicles \$	
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 November 30, 2013	<u>248,450</u>	<u>29,744</u>	<u>74,069</u>	<u>158,504</u>	<u>510,767</u>
Accumulated Depreciation:					
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>(6,212)</u>	<u>(2,970)</u>	<u>(5,609)</u>	<u>(2,495)</u>	<u>(17,286)</u>
Balance at November 30, 2013	<u>(36,236)</u>	<u>(12,113)</u>	<u>(33,013)</u>	<u>(149,733)</u>	<u>(231,095)</u>
Carrying Value:					
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 November 30, 2013	<u>212,214</u>	<u>17,631</u>	<u>41,056</u>	<u>8,771</u>	<u>279,672</u>

8. Exploration and Evaluation Assets

	As at November 30, 2013			As at May 31, 2013		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Gold Projects	1,751,855	7,256,049	9,007,904	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>7,359,886</u>	<u>9,194,342</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
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(Unaudited - Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets (continued)

	<u>Finland</u>	<u>Sweden</u>	
	<u>Gold Projects \$</u>	<u>Other Projects \$</u>	<u>Total \$</u>
Balance at May 31, 2012	<u>4,889,442</u>	<u>11,481</u>	<u>4,900,923</u>
Exploration costs			
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>
Acquisition costs			
Mining rights	554,264	-	554,264
Permits	-	288,293	288,293
	<u>554,264</u>	<u>288,293</u>	<u>842,557</u>
Impairment	<u>-</u>	<u>(1,508)</u>	<u>(1,508)</u>
Balance at May 31, 2013	<u>7,846,210</u>	<u>400,529</u>	<u>8,246,739</u>
Exploration costs			
Assays	139,684	-	139,684
Consulting	62,211	-	62,211
Drilling	151,015	-	151,015
Exploration site	31,569	1,769	33,338
Field equipment	35,636	-	35,636
Field workers	117,496	-	117,496
Fuel	12,831	-	12,831
Geological	318,534	11,823	330,357
Logging	17,181	-	17,181
Maps	2,682	-	2,682
Salaries and benefits	212,596	22,363	234,959
Travel	34,304	5,420	39,724
Vehicle rental	25,955	5,743	31,698
	<u>1,161,694</u>	<u>47,118</u>	<u>1,208,812</u>
Acquisition costs			
Recoveries	-	(165,565)	(165,565)
Impairment	<u>-</u>	<u>(95,644)</u>	<u>(95,644)</u>
Balance at November 30, 2013	<u>9,007,904</u>	<u>186,438</u>	<u>9,194,342</u>

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8. Exploration and Evaluation Assets (continued)

As at November 30, 2013 the Company maintained the following:

(i) ***Finland***

On April 30, 2010 the Company entered into a purchase and sale agreement with Areva Resources Finland OY (“Areva Finland”), whereby the Company paid \$1,403,956 to purchase 170 claims or claim applications in Finland. The Company also holds or has made claim applications in various areas of Finland.

As at November 30, 2013 the Company holds a total of 121 claims, 710 claim applications, 12 claim reservations and 1 exploration permit application in Finland.

The Company has been dealing with certain Finnish environmental authorities in regards to certain issues raised as a result of the Company’s hand dug trenches at Rompas, Finland, completed during the 2010 and 2011 work programs. The first issue involves applying for specific permits to explore on decree-based areas, where exploration is a permitted act. The second issue involves claims that the Company’s hand dug trenches from 2010 and 2011 have affected the nature values of an area. The Company’s position is that its work programs have had no material impact on the nature values and the Company has engaged various third party studies to demonstrate this to be the case.

(ii) ***Sweden***

During the six months ended November 30, 2013 the Company surrendered certain exploration permits in Sweden and recorded an impairment charge of \$95,644 in exploration and evaluation assets.

As at November 30, 2013 the Company holds a total of 7 claims in Sweden.

9. Share Capital

(a) ***Authorized Share Capital***

As at November 30, 2013 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 six months ended November 30, 2013 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
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9. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2013 and 2012 and the changes for the six months ended on those dates, is as follows:

	2013		2012	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
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>	0.76	<u>4,920,667</u>	0.857

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2013:

Number	Exercise Price \$	Expiry Date
4,920,667	0.857	May 12, 2014
2,855,208	0.65	August 2, 2015
<u>1,817,000</u>	0.65	September 9, 2015
<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 six months ended November 30, 2013 the Company granted 3,890,000 (2012 - 50,000) share options and recorded share-based compensation expense of \$855,800 (2012 - \$41,000).

The fair value of share options granted during the six months ended November 30, 2013 and 2012 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2013	2012
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 six months ended November 30, 2013 was \$0.22 (2012 - \$0.82) per option.

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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 November 30, 2013 and 2012 and the changes for the six months ended on those dates, is as follows:

	2013		2012	
	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	-	-	(10,000)	0.82
Expired	<u>(1,818,000)</u>	0.84	<u>-</u>	-
Balance, end of period	<u>4,585,000</u>	0.68	<u>2,513,000</u>	1.03

The following table summarizes information about the share options outstanding and exercisable at November 30, 2013:

Number	Exercise Price \$	Expiry Date
150,000	2.35	February 14, 2014
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>4,585,000</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 six months ended November 30, 2013 and 2012 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:

	2013 \$	2012 \$
Management fees	81,000	81,000
Professional fees	113,258	108,016
Rent for apartment	31,576	-
Share-based compensation	<u>264,000</u>	<u>-</u>
	<u>489,834</u>	<u>189,016</u>

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10. Related Party Disclosures (continued)

Professional fees of \$95,780 (2012 - \$58,536 have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at November 30, 2013, \$32,629 (2012 - \$18,071) 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 November 30, 2013, the amount payable under the agreement would be \$324,000.

(b) *Transactions with Other Related Parties*

(i) During the six months ended November 30, 2013 and 2012 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2013 \$	2012 \$
Salaries and benefits	28,500	-
Professional fees	60,000	60,000
Share-based compensation	<u>389,400</u>	<u>-</u>
	<u>477,900</u>	<u>60,000</u>

As at November 30, 2013, \$20,000 (2012 - \$7,500) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended November 30, 2013 the Company incurred a total of \$30,300 (2012 - \$24,200) 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 \$2,010 (2012 - \$2,400) for rent. As at November 30, 2013, \$4,670 (2012 - \$3,400) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the six months ended November 30, 2013 the Company recovered \$36,864 (2012 - \$19,380) for shared office personnel and costs from public companies with common directors and officers. As at November 30, 2013, \$14,238 (2012 - \$nil) of the amount remained outstanding and has been included in amounts receivable.

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:

Financial Instrument	Category	November 30, 2013 \$	May 31, 2013 \$
Cash	FVTPL	7,061,938	5,209,513
Amounts receivable	Loans and receivables	48,600	24,693
Investments	Available-for-sale	77,500	114,750
Accounts payable and accrued liabilities	Other liabilities	(387,052)	(410,427)

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11. Financial Instruments and Risk Management (continued)

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.

	Contractual Maturity Analysis at November 30, 2013				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	7,061,938	-	-	-	7,061,938
Amounts receivable	48,600	-	-	-	48,600
Investments	-	-	77,500	-	77,500
Accounts payable and accrued liabilities	(387,052)	-	-	-	(387,052)

	Contractual Maturity Analysis at May 31, 2013				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
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)

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11. Financial Instruments and Risk Management (continued)

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 Euro 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 November 30, 2013, 1 Canadian Dollar was equal to 0.69 Euros, 6.19 SEK and 0.94 US Dollars.

Balances are as follows:

	Finland Euros	Swedish Kronors	United States Dollars	CDN \$ Equivalent
Cash	169,354	640,437	19,327	369,465
Amounts receivable	98,561	42,805	-	149,758
Accounts payable and accrued liabilities	<u>(106,987)</u>	<u>(450,262)</u>	<u>-</u>	<u>(305,970)</u>
	<u>160,928</u>	<u>232,980</u>	<u>19,327</u>	<u>213,253</u>

Based on the net exposures as of November 30, 2013 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 \$19,000 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.

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12. Supplemental Cash Flow Information

During the six months ended November 30, 2013 and 2012 non-cash activities were conducted by the Company as follows:

	2013 \$	2012 \$
Operating activity		
Increase in accounts payable and accrued liabilities	<u>271,594</u>	<u>123,052</u>
Investing activity		
Additions to exploration and evaluation assets	<u>(271,594)</u>	<u>(123,052)</u>
Financing activities		
Issuance of share capital	-	41,000
Share-based payments reserve	<u>-</u>	<u>(41,000)</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 November 30, 2013 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:

	As at November 30, 2013				
	Canada \$	Sweden \$	Finland \$	Peru \$	Total \$
Current assets	6,750,856	112,553	397,662	-	7,261,071
Investments	77,500	-	-	-	77,500
Property, plant and equipment	51,071	11,474	4,913	212,214	279,672
Exploration and evaluation assets	<u>-</u>	<u>186,438</u>	<u>9,007,904</u>	<u>-</u>	<u>9,194,342</u>
	<u>6,879,427</u>	<u>310,465</u>	<u>9,410,479</u>	<u>212,214</u>	<u>16,812,585</u>
	As at May 31, 2013				
	Canada \$	Sweden \$	Finland \$	Peru \$	Total \$
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	<u>-</u>	<u>400,529</u>	<u>7,846,210</u>	<u>-</u>	<u>8,246,739</u>
	<u>5,331,319</u>	<u>471,348</u>	<u>7,995,035</u>	<u>218,426</u>	<u>14,016,128</u>