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**MAWSON RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
FEBRUARY 28, 2015

*(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 28, 2015 \$	May 31, 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		5,087,454	5,376,279
Amounts receivable		36,607	42,270
GST/VAT receivable		25,321	48,163
Prepaid expenses and deposits		<u>29,636</u>	<u>41,919</u>
<b>Total current assets</b>		<u>5,179,018</u>	<u>5,508,631</u>
<b>Non-current assets</b>			
Investments	5	87,719	124,794
Property, plant and equipment	6	242,078	261,798
Exploration and evaluation assets	7	<u>11,730,724</u>	<u>10,014,927</u>
<b>Total non-current assets</b>		<u>12,060,521</u>	<u>10,401,519</u>
<b>TOTAL ASSETS</b>		<u>17,239,539</u>	<u>15,910,150</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>431,155</u>	<u>459,385</u>
<b>TOTAL LIABILITIES</b>		<u>431,155</u>	<u>459,385</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	39,225,378	36,233,702
Share-based payments reserve		6,069,717	6,016,717
Deficit		(27,757,327)	(26,107,345)
Accumulated other comprehensive loss		<u>(729,384)</u>	<u>(692,309)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>16,808,384</u>	<u>15,450,765</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>17,239,539</u>	<u>15,910,150</u>

**Event after the Reporting Period** - See Note 13.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 10, 2015 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, 2015 \$	February 28, 2014 \$	February 28, 2015 \$	February 28, 2014 \$
<b>Expenses</b>					
Accounting and administration	9(b)	19,365	21,235	61,799	91,204
Audit		4,591	150	46,128	47,883
Corporate development		10,293	12,148	25,377	57,998
Depreciation		6,219	8,642	19,720	25,928
General exploration		11,927	43,298	47,685	236,959
Investor relations		7,375	9,000	23,375	27,000
Legal		8,812	13,112	168,950	58,910
Management fees	9(a)	45,000	40,500	132,000	121,500
Office and sundry		57,877	38,388	113,068	96,363
Professional fees	9	82,371	137,284	362,374	418,866
Regulatory fees		9,459	4,080	26,931	23,975
Rent	9(b)	12,202	58,144	45,494	116,590
Salaries and benefits	9(b)	49,056	42,573	166,048	157,470
Shareholder costs		5,124	2,791	13,569	13,230
Share-based compensation	8(d), 9	-	-	53,000	855,800
Transfer agent		2,160	3,284	7,848	11,923
Travel		59,881	63,444	268,574	266,742
		<u>391,712</u>	<u>498,073</u>	<u>1,581,940</u>	<u>2,628,341</u>
<b>Loss before other items</b>		<u>(391,712)</u>	<u>(498,073)</u>	<u>(1,581,940)</u>	<u>(2,628,341)</u>
<b>Other items</b>					
Interest and other income		17,886	31,097	59,520	91,963
Impairment of exploration and evaluation assets		-	-	-	(95,644)
Foreign exchange		(3,265)	10,838	(64,919)	29,825
Court judgment and associated costs	7(a)	<u>(37,643)</u>	<u>-</u>	<u>(62,643)</u>	<u>-</u>
		<u>(23,022)</u>	<u>41,935</u>	<u>(68,042)</u>	<u>26,144</u>
<b>Net loss for the period</b>		<u>(414,734)</u>	<u>(456,138)</u>	<u>(1,649,982)</u>	<u>(2,602,197)</u>
<b>Other comprehensive (loss) gain</b>		<u>69</u>	<u>102,000</u>	<u>(37,075)</u>	<u>64,750</u>
<b>Comprehensive loss for the period</b>		<u>(414,665)</u>	<u>(354,138)</u>	<u>(1,687,057)</u>	<u>(2,537,447)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.04)</u>
<b>Weighted average number of common shares outstanding</b>		<u>74,549,971</u>	<u>65,425,728</u>	<u>69,244,393</u>	<u>62,837,739</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, 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>

<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 loss 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>

*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)*

	<u>Nine Months Ended</u>	
	<u>February 28,</u> <u>2015</u> \$	<u>February 28,</u> <u>2014</u> \$
<b>Operating activities</b>		
Net loss for the period	(1,649,982)	(2,602,197)
Adjustments for:		
Depreciation	19,720	25,928
Share-based compensation	53,000	855,800
Impairment of exploration and evaluation assets	-	95,644
	<u>(1,577,262)</u>	<u>(1,624,825)</u>
Changes in non-cash working capital items:		
Decrease in amounts receivable	5,663	12,872
Decrease in GST/VAT receivables	22,842	8,951
Decrease in prepaid expenses and deposits	12,283	17,140
(Decrease) increase in accounts payable and accrued liabilities	(9,662)	218,254
	<u>31,126</u>	<u>257,217</u>
<b>Net cash used in operating activities</b>	<u>(1,546,136)</u>	<u>(1,367,608)</u>
<b>Investing activity</b>		
Expenditures on exploration and evaluation assets	<u>(1,734,365)</u>	<u>(1,616,985)</u>
<b>Net cash used in investing activity</b>	<u>(1,734,365)</u>	<u>(1,616,985)</u>
<b>Financing activities</b>		
Issuance of share capital	3,011,000	4,204,988
Share issue costs	(19,324)	(57,647)
<b>Net cash provided by financing activities</b>	<u>2,991,676</u>	<u>4,147,341</u>
<b>Net change in cash</b>	(288,825)	1,162,748
<b>Cash at beginning of period</b>	<u>5,376,279</u>	<u>5,209,513</u>
<b>Cash at end of period</b>	<u>5,087,454</u>	<u>6,372,261</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 28, 2015**  
*(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 28, 2015 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, 2014, 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, 2014.

*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, 2014. 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, 2014.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2015**  
*(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 28, 2015</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated Unrealized Loss</u>	<u>Carrying Value</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Common shares				
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(645,000)	70,000
Tumi Resources Limited ("Tumi")	75,000	45,000	(39,000)	6,000
Thomson Resources Ltd. ("Thomson")	600,000	16,603	(4,884)	11,719
	<u>776,603</u>	<u>(688,884)</u>	<u>87,719</u>	
<u>As at May 31, 2014</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated Unrealized Loss</u>	<u>Carrying Value</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Common shares				
Hansa	3,500,000	715,000	(610,000)	105,000
Tumi	75,000	45,000	(34,125)	10,875
Thomson	600,000	16,603	(7,684)	8,919
	<u>776,603</u>	<u>(651,809)</u>	<u>124,794</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 28, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. 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, 2013 and 2014 and February 28, 2015	<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, 2013	(30,024)	(16,532)	(20,015)	(147,238)	(213,809)
Depreciation	<u>(12,424)</u>	<u>(4,469)</u>	<u>(13,287)</u>	<u>(4,980)</u>	<u>(35,160)</u>
Balance at May 31, 2014	(42,448)	(21,001)	(33,302)	(152,218)	(248,969)
Depreciation	<u>(9,318)</u>	<u>(2,400)</u>	<u>(7,325)</u>	<u>(677)</u>	<u>(19,720)</u>
Balance at February 28, 2015	<u>(51,766)</u>	<u>(23,401)</u>	<u>(40,627)</u>	<u>(152,895)</u>	<u>(268,689)</u>
<b>Carrying Value:</b>					
Balance at May 31, 2014	<u>206,002</u>	<u>8,743</u>	<u>40,767</u>	<u>6,286</u>	<u>261,798</u>
Balance at February 28, 2015	<u>196,684</u>	<u>6,343</u>	<u>33,442</u>	<u>5,609</u>	<u>242,078</u>

**7. Exploration and Evaluation Assets**

	<u>As at February 28, 2015</u>			<u>As at May 31, 2014</u>		
	<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	2,057,328	9,613,288	11,670,616	2,002,170	7,978,393	9,980,563
Sweden						
Other Projects	<u>58,764</u>	<u>1,344</u>	<u>60,108</u>	<u>33,020</u>	<u>1,344</u>	<u>34,364</u>
	<u>2,116,092</u>	<u>9,614,632</u>	<u>11,730,724</u>	<u>2,035,190</u>	<u>7,979,737</u>	<u>10,014,927</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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

	<u>Finland</u>	<u>Sweden</u>	
	<b>Gold Projects \$</b>	<b>Other Projects \$</b>	<b>Total \$</b>
<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	218,317	-	218,317
Consulting	111,243	-	111,243
Drilling	239,281	-	239,281
Exploration site	33,727	1,764	35,491
Field equipment	62,915	-	62,915
Field workers	130,135	-	130,135
Fuel	28,027	-	28,027
Geochemical	3,341	-	3,341
Geological	507,757	11,823	519,580
Logging	34,783	-	34,783
Maps	2,767	1,048	3,815
Salaries and benefits	416,114	22,440	438,554
Travel	39,738	5,430	45,168
Vehicle rental	57,216	5,763	62,979
	<u>1,885,361</u>	<u>48,268</u>	<u>1,933,629</u>
<b>Acquisition costs</b>			
Mining rights	250,315	-	250,315
Permits	-	33,020	33,020
Recoveries	-	(210,333)	(210,333)
	<u>250,315</u>	<u>(177,313)</u>	<u>73,002</u>
<b>Impairment</b>	<u>(1,323)</u>	<u>(237,120)</u>	<u>(238,443)</u>
<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	229,666	-	229,666
Consulting	29,796	-	29,796
Exploration site	17,627	-	17,627
Field equipment	161,515	-	161,515
Field workers	379,463	-	379,463
Fuel	36,306	-	36,306
Geological	359,542	-	359,542
Logging	18,559	-	18,559
Salaries and benefits	289,977	-	289,977
Travel	34,445	-	34,445
Vehicle rental	77,999	-	77,999
	<u>1,634,895</u>	<u>-</u>	<u>1,634,895</u>
<b>Acquisition costs</b>			
Mining rights	55,158	26,352	81,510
Recoveries	-	(608)	(608)
	<u>55,158</u>	<u>25,744</u>	<u>80,902</u>
<b>Balance at February 28, 2015</b>	<u>11,670,616</u>	<u>60,108</u>	<u>11,730,724</u>

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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

(a) ***Finland***

As at February 28, 2015 the Company holds a total of 121 granted claims, 710 claim applications, 9 claim reservations, 1 claim reservation application, 4 granted exploration permits and 3 exploration permit applications 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 involved claims that the Company's hand dug trenches have affected the nature conservation values of the area where the work was undertaken. On December 31, 2014 the Company received notification of a ruling by the Kemi-Tornio District Court in Finland. The Company was found to be not guilty of the original basis for the case, being the nature conservation crime associated with the destruction of specific endangered plant species. Additionally, associated compensation requests were rejected. However, the Company's hand dug trenches were found to have diminished the representativeness and diversity of the nature conservation values where some of the hand digging took place. A corporate fine of 5,000 Euros was imposed on the Company. During the nine months ended February 28, 2015 the Company has paid a total of \$62,643 for the fine and indemnity and associated costs.

(b) ***Sweden***

As at February 28, 2015 the Company holds a total of 5 claims in Sweden.

**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) ***Reconciliation of Changes in Share Capital***

(i) In October 2014 the Company completed a non-brokered private placement of 9,124,243 units of the Company at \$0.33 per unit for gross proceeds of \$3,011,000 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.

(ii) During fiscal 2014 the Company completed a non-brokered private placement of 9,344,417 units of the Company at \$0.45 per unit for gross proceeds of \$4,204,988 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 for a period of two years from closing. The private placement was completed in two tranches. The Company incurred \$57,647 for legal and filing costs associated with the private placement.

**MAWSON RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Share Capital (continued)**

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2015 and 2014 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	4,672,208	0.65	4,920,667	0.86
Issued	<u>4,562,120</u>	0.50	<u>4,672,208</u>	0.65
Balance, end of period	<u>9,234,328</u>	0.58	<u>9,592,875</u>	0.76

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 28, 2015:

<u>Number</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
2,855,208	0.65	August 2, 2015
1,817,000	0.65	September 9, 2015
<u>4,562,120</u>	0.50	October 10, 2016
<u>9,234,328</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, 2015 the Company granted share options to purchase 380,000 (2014 - 3,890,000) common shares and recorded compensation expense of \$53,000 (2014 - \$855,800).

The fair value of share options granted during the nine months ended February 28, 2015 and 2014 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2015</u>	<u>2014</u>
Risk-free interest rate	1.22%	1.42%
Estimated volatility	70% - 75%	80%
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, 2015 was \$0.14 (2014 - \$0.22) per option.

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**8. 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, 2015 and 2014 and the changes for the nine months ended on those dates, is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	4,435,000	0.62	2,513,000	1.04
Granted	380,000	0.40	3,890,000	0.52
Expired	<u>(285,000)</u>	1.51	<u>(1,968,000)</u>	0.95
Balance, end of period	<u>4,530,000</u>	0.55	<u>4,435,000</u>	0.62

The following table summarizes information about the share options outstanding and exercisable at February 28, 2015:

Number	Exercise Price \$	Expiry Date
100,000	1.30	March 5, 2015
100,000	1.24	May 29, 2015
100,000	0.65	May 1, 2016
3,850,000	0.52	October 7, 2016
300,000	0.45	September 16, 2017
<u>80,000</u>	0.20	November 7, 2017
<u>4,530,000</u>		

See also Note 13.

**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 28, 2015 and 2014 the following amounts were incurred with respect to the Company's President, Chief Financial Officer ("CFO") and Vice-President of Exploration:

	2015 \$	2014 \$
Management fees	132,000	121,500
Professional fees	163,347	170,561
Rent for apartment	-	51,173
Share-based compensation	-	264,000
	<u>295,347</u>	<u>607,234</u>

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

Professional fees of \$140,847 (2014 - \$145,821) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at February 28, 2015, \$71,530 (2014 - \$19,459) 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 28, 2015, the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended February 28, 2015 and 2014 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2015 \$	2014 \$
Salaries	56,750	42,750
Professional fees	90,000	90,000
Share-based compensation	-	389,400
	<u>146,750</u>	<u>522,150</u>

As at February 28, 2015, \$25,000 (2014 - \$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, 2015 the Company incurred a total of \$35,400 (2014 - \$40,300) 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 (2014 - \$3,015) for rent. As at February 28, 2015, \$4,170 (2014 - \$3,970) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the nine months ended February 28, 2015 the Company recovered \$53,607 (2014 - \$79,305) for shared office personnel and costs from public companies with common directors and officers. As at February 28, 2015, \$6,525 (2014 - \$6,804) of the amount remained outstanding and has been included in amounts receivable.

(d) During the nine months ended February 28, 2015 the Company incurred \$3,664 (2014 - \$nil) for shared office administration costs with a public company with common directors and officers. As at February 28, 2015, \$173 (2014 - \$nil) of the amount remained outstanding and has been included in accounts payable and accrued liabilities.

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**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; 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, 2015</b>	<b>May 31, 2014</b>
		<b>\$</b>	<b>\$</b>
Cash	FVTPL	5,087,454	5,376,279
Amounts receivable	Loans and receivables	36,607	42,270
Investments	Available-for-sale	87,719	124,794
Accounts payable and accrued liabilities	Other liabilities	(431,155)	(459,385)

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.

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

	<b>Contractual Maturity Analysis at February 28, 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>
Cash	5,087,454	-	-	-	5,087,454
Amounts receivable	36,607	-	-	-	36,607
Investments	-	-	87,719	-	87,719
Accounts payable and accrued liabilities	(431,155)	-	-	-	(431,155)

	<b>Contractual Maturity Analysis at May 31, 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	5,376,279	-	-	-	5,376,279
Amounts receivable	42,270	-	-	-	42,270
Investments	-	-	124,794	-	124,794
Accounts payable and accrued liabilities	(459,385)	-	-	-	(459,385)

*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, 2015, 1 Canadian Dollar was equal to 0.71 Euros, 6.68 SEK and 0.80 US Dollar.

Balances are as follows:

	<b>Euros</b>	<b>Swedish Kronors</b>	<b>US Dollars</b>	<b>CDN \$ Equivalent</b>
Cash	117,993	243,813	97,927	325,095
Amounts receivable	35,002	17,407	-	51,904
Accounts payable and accrued liabilities	<u>(211,087)</u>	<u>(162,661)</u>	<u>-</u>	<u>(321,656)</u>
	<u>(58,092)</u>	<u>98,559</u>	<u>97,927</u>	<u>55,343</u>

Based on the net exposures as of February 28, 2015 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 \$5,000 higher (or lower).

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**10. 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.

**11. Supplemental Cash Flow Information**

During the nine months ended February 28, 2015 and 2014 non-cash activities were conducted by the Company as follows:

	2015 \$	2014 \$
Operating activity		
(Decrease) increase in accounts payable and accrued liabilities	<u>(18,568)</u>	<u>77,245</u>
Investing activity		
Change to exploration and evaluation assets	<u>18,568</u>	<u>(77,245)</u>

**12. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at February 28, 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:

	<u>As at February 28, 2015</u>				
	Canada \$	Sweden \$	Finland \$	Peru \$	Total \$
Current assets	4,912,201	39,699	227,118	-	5,179,018
Investments	87,719	-	-	-	87,719
Property, plant and equipment	6,344	7,191	31,859	196,684	242,078
Exploration and evaluation assets	<u>-</u>	<u>60,108</u>	<u>11,670,616</u>	<u>-</u>	<u>11,730,724</u>
	<u>5,006,264</u>	<u>106,998</u>	<u>11,929,593</u>	<u>196,684</u>	<u>17,239,539</u>

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**12. Segmented Information (continued)**

	<b>As at May 31, 2014</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	5,053,386	85,184	370,061	-	5,508,631
Investments	124,794	-	-	-	124,794
Property, plant and equipment	8,743	8,253	38,800	206,002	261,798
Exploration and evaluation assets	-	34,364	9,980,563	-	10,014,927
	<u>5,186,923</u>	<u>127,801</u>	<u>10,389,424</u>	<u>206,002</u>	<u>15,910,150</u>

**13. Event after the Reporting Period**

Subsequent to February 28, 2015 options to purchase 100,000 common shares of the Company at \$1.30 per share expired without exercise.