# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED MAY 31, 2018

### Background

This discussion and analysis of financial position and results of operations is prepared as at August 27, 2018, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended May 31, 2018 and 2017 of Mawson Resources Limited ("Mawson" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, capital and other costs varying significantly from estimates, changes in world metal markets, changes in equity markets, planned drill programs and results varying from expectations, delays in obtaining results, equipment failure, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, Annual Information Form, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website at www.mawsonresources.com and readers are urged to review these materials, including the technical report filed with respect to the Company's mineral properties.

### Company Overview and Highlights

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

Mawson is an exploration and development company with precious metal interests in the Nordic countries. Mawson's exploration focus is on the Rompas-Rajapalot gold project in Finland. Mawson is managed by resource industry professionals with significant exploration and capital market expertise.

Mawson is focussed on two target areas at Rompas-Rajapalot:

1. A primary target of disseminated gold and cobalt mineralization, including the discovery in the Rajapalot area at Raja and Palokas prospects of thick and high-grade core sample results. At Raja, results include 33.6 metres @ 9.7 g/t gold equivalent ("AuEq"), 8.0 g/t gold, 823 ppm cobalt from 243.0 metres (PAL0093). Gold-cobalt intersections at Raja now extend for over 470 metres down plunge from near-surface, with a

geophysical signature totalling over 900 metres yet to be drill tested. At Palokas prospect core sample results include 19.5 m @ 7.4 g/t gold from 1.3 metres in PRAJ0006. Early core holes at Palokas were drilled with hand-portable JKS4M and Winkie equipment (25 mm core diameter). Validation of these results by NQ diamond drilling in 2017 includes 6.8 metres @ 14.7 g/t gold from 34.4 metres in PAL0027 and 10.0 metres @ 11.6 g/t gold from 110.2 metres in PAL0030.

An increased understanding of the structural and stratigraphic controls on the disseminated gold-cobalt mineralization is allowing expansion of the prospective exploration area for the Au-Co systems for some kilometres outside presently known mineralization, and importantly well to the west in the Männistö permit area that surrounds the mafic-hosted Au-U vein systems at Rompas.

2. The Company's secondary target is the mafic-hosted Rompas gold-uranium vein-style target. The first drill program in 2012 at South Rompas included the highlight of 6 m @ 617 g/t gold from 7 metres in drill hole ROM0011 which includes 1 metre @ 3,540 g/t gold from 11 metres depth. A second drill program conducted over the winter (December 2012 - January 2013) confirmed the presence and variable continuity within metabasalts of high grade, nuggety gold at both North and South Rompas and included results from North Rompas of 0.4 metres @ 395 g/t gold and 0.41% uranium in drill hole ROM0052.

The 2018 winter drill program was completed in April 2018 with a total of 75 drill holes completed for a total of 16,214 metres. A major re-assay program to determine cobalt grades associated with the disseminated gold mineralization is proving highly successful with AuEq grades improving the continuity and thickness of the mineralized intervals, with some AuEq examples doubling the grade-width of the originally reported gold intersections.

The disseminated mineralization style at Rajapalot is commonly coincident with VTEM geophysical conductors, are chargeable and conductive and have increased, commonly reversed polarity, magnetic intensity. New interpretive maps of target horizons hosting the disseminated sulphidic mineralization have been created through bottom of till sampling, lithogeochemistry of surface outcrops and interpretation of 50 metre and 25 metre spaced ground magnetics.

At the Raja prospect, geological cross and plan sections, combined with geophysics support the discovery of a coherent gold-cobalt mineralized body (i.e. PAL0093 containing 33.6 metres @ 9.7 g/t AuEq, 8.0 g/t gold, 823 ppm cobalt from 243.0 metres ). A 120 metre step-out on the mineralized trend from PAL0093 intersected mineralization in the second drill hole, PAL0118 including a 23 metre zone averaging 3.4 g/t gold (uncut; cobalt assays not available at effective date of this report). The Raja mineralization has now been drilled over 470 metres from surface with mineralization unconstrained down plunge.

At South Palokas broad lower grade mineralization was discovered for the first time in the structural footwall (PAL0091 3.1 metres @ 2.3 g/t gold from 248.6 metres), as well as intersecting known mineralization in an upper zone (9.9 metres @ 2.5 g/t gold from 145.9 metres). PAL0089, drilled 70 metres up-dip from PAL0091, intersected low grade mineralization (2.0 metres @ 1.2 g/t gold from 86.7 metres and 1.0 metres @ 1.7 g/t gold from 92.5 metres). It interpreted that PAL0089 did not drill deep enough into the structural footwall to test the mineralization subsequently discovered in PAL0091. Further drilling is required to establish controls and extensions of the Rajapalot mineralized systems.

The Company currently has one material property for the purposes of NI 43-101, the Rompas-Rajapalot gold-cobalt project in Finland.

***Progress Report on the Geology, Mineralization and Exploration Activities on the Rompas-Rajapalot Gold - Cobalt Project, Peräpohja Belt, Lapland, Finland***

A report entitled "Progress Report on the Geology, Mineralization and Exploration Activities on the Rompas -Rajapalot Gold - Cobalt Project, Peräpohja Belt, Lapland, Finland" and dated August 20, 2018 (the "Technical Report") was prepared for the Company by Dr. Nicholas Cook and Mr. Michael Hudson, non-independent Qualified Persons (as defined under NI 43-101). Dr. Cook is the President of Mawson and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Hudson is the CEO and Chairman and a director of Mawson and a Fellow of the Australasian Institute of Mining and Metallurgy. The Technical Report is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.mawsonresources.com. Readers are encouraged to read the entire Technical Report. The effective date for this document is August 1, 2018.

In addition, the technical information provided under Exploration Projects was prepared by Mawson and reviewed by Dr. Cook, as the Qualified Person.

**Exploration Projects**

***Finland***

As at August 1, 2018, the Company held a total of 5 granted exploration permits of which one is not in legal force and remains under appeal, and 10 exploration permit applications.

*Status of Mawson's Claims in Finland*

| | Number | Area (ha) |
|---|---|---|
| **Granted Exploration Permits** | 5 | 5,725* |
| **Exploration Permit Applications** | 10 | 17,053 |

* The Kairamaat 2-3 exploration permit (1,462 hectares) is currently granted but not in legal force during a standard appeal period.

*Rompas-Rajapalot Gold - Cobalt Project*

The Rompas-Rajapalot project is a new discovery in Northern Finland where high-grade gold and cobalt have been found within an area approaching 10 km by 10 km. The nature of the terrain and all-weather access allows year-round exploration work across more than 70% of the area. Winter access is possible in the remaining area when ice and snow conditions permit, usually after mid-December each year.

*Rajapalot Disseminated Gold - Cobalt Project*

Rajapalot is located in the eastern half of the project area. The style of mineralization at Rajapalot is predominately sulphidic and of a disseminated or replacement style, generally concentrated around fold hinges and brecciated rocks. Most of the mineralization at Rajapalot consists of sulphide (pyrrhotite>>pyrite), magnetite, biotite, muscovite and chlorite hydrothermal mineral assemblages hosted in predominately muscovite-biotite schists and grey albitites. Variations in gold-cobalt mineralization style occur, from an end member of sulphidic, potassic iron-rich rocks (K-Fe type, for example at Raja prospect) through to iron and magnesium-rich (Fe-Mg type) hydrothermally altered sulphidic rocks such as those at Palokas. Textures range from veined albitic granofels through fractured and brecciated to locally schistose. Veining and fracture fill minerals include pyrrhotite, magnetite and magnetite-pyrrhotite (+/- quartz). Local retrograde chlorite after biotite and vein-controlled chlorite+/- tourmaline and magnetite are also present. Preliminary hand-held XRF analysis confirms the presence of associated scheelite and molybdenite, the former visible under UV light as tiny veinlets and disseminations. The iron-rich nature of the mineralized rocks is a common theme in either the oxide or sulphide form, with a variably sulphidic and chloritic overprint. The alteration is clearly post-metamorphic, reduced, and most likely driven by granitoid intrusions. Chlorite, hydrothermal muscovite and quartz are regarded as the lowest temperature silicate minerals with gold, cobaltite, cobalt pentlandite structurally controlled in apparent spatial association with fold hinges or quartz veins. Altered rocks enclosing the mineralized package contain locally abundant talc and tourmaline.

The disseminated sulphidic gold-cobalt mineralization such as that at Rajapalot is the primary target for the Company. However, the company expects that disseminated sulphidic gold-cobalt mineralization can occur across the full extent of the Rompas-Rajapalot project area.

Surface sample highlights from Rajapalot include prospecting grab samples taken from outcrop that returned 2,817 g/t gold, 2,196 g/t gold, 1,245 g/t gold, 933 g/t gold, 151 g/t gold and 135.5 g/t gold. A total of 52 grab samples from the Rajapalot prospect to date average 152.8 g/t gold and range from 0.001 g/t to 2,817 g/t gold. All samples are prospecting grab samples and as such are selective by nature and are unlikely to represent average grades on the property.

The discovery grab samples from the Rajapalot project returned gold mineralization from three distinct areas, namely the Palokas, Joki and Rumajärvi prospects. The areas were targeted with regional geophysics and surface soil geochemistry. Rumajärvi lies 1.5 kilometres south of Palokas, while Joki is located 1 kilometre southeast of Palokas. Each prospect area is characterized by minor outcrop on a topographic high, within a predominantly swampy terrain

and therefore very little in situ bedrock has been located. Little outcrop has been found between the prospect areas. As the same mineralized rock types occur in outcrop, the glacial boulders sampled and reported here are considered proximal to their source.

*Rajapalot Boulder Fields*

A systematic review of the nine gold-bearing boulder fields at Rajapalot was conducted in summer 2017, from which 160 gold mineralized boulders were identified within a 12 square kilometre area. The potential bedrock source of only three of the nine boulder fields have been located by drilling, with the remaining six boulder trains partly tested in the 2018 winter drill program.

A total of 160 boulders and outcrops with >0.1 g/t gold have been discovered within a 4 kilometre by 3 kilometre area at Rajapalot. Gold grades range from 0.1 g/t gold to 3,870 g/t gold, with an average of 74.9 g/t gold and median of 0.71 g/t gold. Samples from boulders are grab samples, which are selective by nature and are unlikely to represent average grades on the property.

A summary of sample statistics is shown in the table below. Samples from boulders are grab samples, which are selective by nature and are unlikely to represent average grades on the property. A lower cut-off for reporting of the boulders is 0.1 g/t Au, and the range, mean and median are all reported to give a more accurate representation of sample variation.

Compilation and re-examination of all the boulder information was conducted for comparison of the drill results of the 2016-17 winter drilling and base of till ("BOT") results with previously held data. The geochemistry, mineral assemblages and the shape and size of all boulders was reviewed. Company geologists have determined that the grade distribution of boulders and their spatial association with outcrops and drill results indicate that the shallowly buried sources are close to the northwestern edges of the defined boulder fields.

The sources of six boulder of the nine boulder fields identified have now been located. The sources of the largest boulder fields, in the Rumajärvi and Terry's Hammer prospect areas have been intersected in the 2017 and 2018 winter drill programs. Further drilling is required to fully understand the size of these source regions. Geophysical studies, including distinguishing magnetic pyrrhotite-bearing metasediments from magnetic volcanic rocks is allowing more effective targeting of boulder sources. Down-hole geophysics is under way in 2018 to search for continuity of mineralized intersections and larger, off-hole features.

*Summary of Boulder Field Data in the Rajapalot Project Area (** indicate likely sources found)*

| Prospect | Number | Average Au g/t | Median Au g/t | Min Au g/t | Max Au g/t | > 5 g/t Au | 2-5 g/t Au | 0.5-2 g/t Au | 0.1-0.5 g/t Au |
|---|---|---|---|---|---|---|---|---|---|
| **Hirvimaa** | 23 | 15 | 0.6 | 0.1 | 253 | 5 | 0 | 8 | 10 |
| **Palokas**** | 6 | 1.0 | 0.8 | 0.2 | 2.8 | 0 | 1 | 2 | 3 |
| **South Palokas**** | 4 | 4.5 | 0.7 | 0.1 | 17 | 1 | 0 | 1 | 2 |
| **Boardwalk** | 19 | 28.1 | 1.0 | 0.2 | 221 | 4 | 2 | 8 | 5 |
| **Terry's Hammer**** | 22 | 1.6 | 0.3 | 0.1 | 14 | 3 | 0 | 2 | 17 |
| **Rumajärvi**** | 55 | 184 | 0.6 | 0.1 | 3,870 | 14 | 6 | 9 | 26 |
| **Raja Prospect**** | 5 | 11 | 2.4 | 0.7 | 43 | 2 | 1 | 2 | 0 |
| **Joki** | 7 | 50 | 6.3 | 0.1 | 151 | 5 | 0 | 1 | 1 |
| **Raja Permit** | 19 | 27 | 1.0 | 0.1 | 236 | 5 | 1 | 7 | 6 |

*Rajapalot Drilling*

In October 2013, Mawson announced the first core test (low impact, JKS4M portable rig, 25 mm diameter diamond core) of Rajapalot from the Palokas prospect. Drilling intersected 9 metres @ 10.2 g/t gold from surface, including 3 metres @ 27.5 g/t gold in hole PRAJ0003. Palokas is part of the Rajapalot area, located 7 kilometres east of our drilling in the vein style mineralization at Rompas. Further high grade, thick and near-surface core sample results in November 2013 and January 2014 included:

- 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006;
- 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres);
- 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005;
- 19.0m @ 2.3 g/t gold from 8.0 metres from PRAJ0022; and
- 8.7m @ 4.6 g/t gold from 16.9 metres from PRAJ0025.

Multi-element analyses from all core sample holes from the Palokas Prospect at Rajapalot (holes PRAJ0003 to PRAJ0025) shows consistently low uranium (weighted average through quoted intersections is 36 ppm uranium and 5.2g/t gold) and high cobalt grades associated with gold mineralization. Cobalt also forms a broader halos around lower (>0.1 g/t) grade gold mineralized zones. The low uranium grades drilled at Palokas also support the concept of both gold-cobalt (U-poor) and gold-uranium styles occurring within the Rompas-Rajapalot mineral field.

In September 2014, the Company was permitted to drill across the entire Palokas trend at Rajapalot in Finland with a hand portable core sampler capable of drilling depths up to 35-40 metres below surface. The program consisted of 33 holes for 1160.5 metres with an average hole depth of only 35.1 metres. Four additional holes did not drill through to basement. The results extended drilled gold mineralization over 1.2 kilometres from Palokas. Across strike width of mineralization increased up to 120 metres, suggesting possible multiple horizons across strike (previous drilled thickness was 20 metres true width at Palokas). All discoveries are blind, and covered by 2-5 metre thick glacial till deposits, and are open along strike and at depth.

Highlighted intersections reported between December 2014 and March 2015 included:

- 2.0m @ 9.1 g/t gold from 25.4 metres from PRAJ0070
- 3.0m @ 5.1 g/t gold from 8.7 metres from PRAJ0073
- 1.0m @ 14.7 g/t gold from 16.3 metres from PRAJ0072
- 3.9m @ 3.2 g/t gold from 23.0 metres in hole PRAJ0076
- 3.4m @ 2.0 g/t gold from 14.0 metres in hole PRAJ0080
- 3.0m @ 1.4 g/t gold from 35.9 metres in hole PRAJ0080
- 0.3m @ 49.6 g/t Au from 17.7 metres in hole PRAJ0097

The bulk weighted averages of geochemical data have consistently low-grade uranium within all intervals greater than 0.5 g/t gold with averages of 2.9 g/t gold and 26 ppm uranium for drill holes PRAJ0070-PRAJ0096. The true thickness of the mineralized interval is interpreted to be approximately 80% of the sampled thickness. Drilling was performed with a Company-owned and operated, hand portable, low impact rig, below 2-5 metres of glacial till overburden in the vicinity of gold bearing glacial boulders and subcrop.

In March 2015 the Company took delivery of a new "Winkie" low impact portable diamond core sampler, also drilling 25 mm diamond core. This allowed testing to 120 metres down hole. Two drill holes for 180.2 metres were completed in April 2015 before winter access conditions ended, to test the down-dip extensions of the Palokas prospect tested beneath near surface.

Highlight intersections included:

- 19.6m @ 7.5 g/t gold from 18.1 metres in drill hole PRAJ0107 including 5.0m @ 24.1 g/t gold from 26.7 metres with visible gold present; and
- 5.1m @ 3.8 g/t gold from 18.3 metres in drill hole PRAJ0108.

Drilling at Palokas recommenced in August 2015 after the snow melted and the bird nesting exclusion period was over. Drill results coincide with a series of near surface geophysical anomalies and form part of a 3 kilometre target horizon within a broader district of gold mineralization discovered within the 100 $km^2$ Rompas-Rajapalot project area.

Highlight intersections from this program included:

- 19.0 metres @ 5.3 g/t gold from 38.7 metres in drill hole PRAJ0109
- 9.2 metres @ 3.2 g/t gold from 82.0 metres in drill hole PRAJ0110
- 5.8 metres @ 6.2 g/t gold interested from 39.1 metres in drill hole PRAJ0111, including 1 metre @ 19.8 g/t gold from 42.1 metres

- 20.6 metres @ 2.7 g/t gold from 56.8 metres in drill hole PRAJ0113
- 7.0 metres @ 7.2 g/t gold from 61.1 metres in drill hole PRAJ0114

Winter 2016 was the first time that larger diameter diamond core was used with the advent of Energold Series III portable rigs (2) used at Rajapalot. Drill holes PAL0008 to PAL0025 were completed in this campaign. In February 2016 drill results from the first four holes from the Palokas prospect and one hole from Hirvimaa became available. All holes at Palokas intersected the mineralized sequence with only lower tenor gold mineralization discovered down dip and along strike from previous drilling, where marginal talc alteration predominates. Results from Palokas include 4 metres @ 1.2 g/t gold from 152.0 metres in PAL0009, drilled 65 metres down dip from PRAJ0110 (9.2 metres @ 3.2 g/t gold from 82 meters) and 3.1 metres at 1.4g/t gold from 150.6 metres in PAL0012, drilled 90 metres down dip from PRAJ0117 (2.0 metres @ 2.8 g/t gold from 66.4 meters, 3.0 metres @ 1.6g/t gold from 65.6 metres and 3.0 metres @ 1.9g/t gold from 109.9 metres). Results from the first deep drill hole drilled at Hirvimaa, PAL0008, located 680 metres north of Palokas, include 3.0 m @ 1.4g/t gold from 31 metres. Mineralization remains open down plunge to the north and appears to be truncated down-dip and to the south by these new results.

In March 2016, an Energold Series III rig drilling at South Palokas intersected 8.4 metres @ 4.2 g/t gold from 206.0 metres in PAL0016, including 3.4 metres @ 9.5 g/t gold from 211 metres. The true width is interpreted to be approximately 90% of the sampled thickness. PAL0016 was drilled 350 metres along strike to the south from the main Palokas mineralization and was at that time the deepest and best result drilled outside of Palokas. Mineralization is hosted in a sericite-quartz-pyrrhotite rock which represented a new style and stratigraphic position to that of Palokas.

In April 2016, the extension of the Palokas mineralization to north was reported with PAL0019 intersecting the down plunge extension of mineralization, which included 2.9 metres @ 5.9 g/t gold from 176.7 metres, including 1.0 metre @ 16.7 g/t gold from 178.7 metres. Mineralization is hosted within a 40 metre-thick chlorite-tourmaline-amphibole-pyrrhotite rock, and was the deepest discovery at Palokas to date. Also reported was PAL0018 (1.0 metre @ 17.9 g/t gold from 172.0 metres) where mineralization is hosted in altered sericitic calcsilicate-bearing albitites interpreted to be 50 metres lower in the stratigraphy than the Palokas mineralization.

Mineralized rocks were intersected over 3.5 kilometres strike during the winter 2016 Energold diamond drill program. Drill hole PAL0023 (3.0 metres @ 2.1 g/t gold from 84.4 metres) was significant as it is located 2 kilometres from Palokas, and is the most easterly hole drilled along the Palokas target horizon (this location is now known as Raja prospect). The main Palokas mineralized position here was found within a 100-metre thick hydrothermally altered, reduced pyrrhotite-Mg/Fe amphibole rock. The host sequence here is inferred to be inverted, increasing both complexity and volume of potential host rock within the target area.

In October 2016, a 225 BOT drill hole program was completed over parts of the Hirvimaa and Raja premits, located east of Palokas. Drilling took place on a 150 metre grid, with infill drilling at closer spacing based on onsite hand-held XRF analysis and geological logging. Eight anomalous gold target areas were defined with six of these target areas followed up with 206 drill holes at 25 m centres along anomalous drill traverses defined from the first program.

In November 2016, Mawson completed the first phase of a geophysical program to infill and extended data coverage ("Phase 1") and due to encouraging BOT drill results, the Company extended the geophysical survey area ("Phase 2").

Phase 1 consisted of:

- 22 line kilometres of gradient array IP geophysics along the Palokas trend, including coverage of the Joki prospect. Areas surveyed have thin glacial till cover, and are associated with undrilled anomalous surface geochemistry. The survey tested for chargeable and low resistive zones that are known to be associated with gold mineralization;
- 84 line kilometres of extension and infill ground magnetics were completed at 50 metre line spacing, undertaken to constrain various structurally controlled gold targets, that may concentrate gold mineralization;

Phase 2 consisted of:

- 63 line kilometres of ground magnetic surveying to extend existing coverage where eight areas of gold anomalism were discovered by BOT drilling.

In December 2016, the Company announced the plans for the first systematic, large scale and deep test of the Rajapalot area with a large diamond and BOT drilling program. The Company presented a final summary of this successful winter drilling program in July 2017.

The winter drill program confirmed the presence of a large, gold-mineralized hydrothermal system at Rompas-Rajapalot, and delivered one of Finland's most significant gold discoveries. The high hit rate of gold over regional-scale areas, the discovery of multiple high-grade mineralized bodies and an extensive gold-footprint provided by BOT drilling, all in the first year of systematic, yet regional-scale drill testing, is considered impressive by the Company.

Key points from the program include:

(i) The winter exploration program represented the first large scale drilling on the project with the following work completed:
- 55 diamond drill holes for 11,056 metres of diamond drill core, averaging 210 metres;
- 1,801 BOT holes, for 7,983 metres, averaging 4.4 metres, and
- 105 km of infill and extension ground magnetics collected on lines spaced at 50 metres.

(ii) Drilling confirmed the presence of a large gold-mineralized hydrothermal system within a 4.5 sq km area while testing only a small fraction (5%) of the 27 kilometre strike of the interpreted host sequence in the Rajapalot area;

(iii) Exceptional rate of drill success with 42% of holes (58 out of the total 137 holes drilled in the Rajapalot project) hitting geochemically significant gold (greater than 1g/t-m). Furthermore, 28% of drill holes (39 out of a total of 137) have recorded greater than 5 g/t-m intersections. The total average drill depth on the project remains shallow at 109 metres.

(iv) Best results include:
- PAL0030: 10.0 metres @ 11.6 g/t gold from 110.2 metres; plus 2.9 metres @ 1.0 g/t gold from 135.7 metres; and 3.0 metres @ 5.3 g/t gold from 143.9 metres at the Palokas prospect;
- PAL0027: 6.8 metres @ 14.7 g/t gold from 34.4 metres at the Palokas prospect intersected, and;
- PAL0075: 27.0 metres @ 3.3 g/t gold (no lower cut) from 64.0 metres, including 3.0 metres @ 2.9 g/t gold from 64 metres, 2.0 metres @ 5.6 g/t gold from 70.0 metres and 8.8 metres @ 7.5 g/t gold from 82.2 metres at the Raja prospect, 1.75 km from Palokas.

The true thickness of mineralized intervals at Palokas is interpreted to be approximately 90% of the sampled thickness. The true thickness of the mineralized intervals at Raja and South Rajapalot, required additional drilling to determine due to the complicated structural controls.

Key results are shown in the following table

*Select intersections from the 2017 Winter Drill Program*
*0.5g/t Au over 1m lower cut, no upper cut-off*

| Hole ID | Depth From (m) | Depth To (m) | Width (m) | Au g/t |
|---|---|---|---|---|
| **PAL0027** | 27.46 | 31.01 | 3.6 | 2.5 |
| **and** | 34.41 | 41.21 | 6.8 | 14.7 |
| **and** | 44.20 | 47.20 | 3.0 | 3.2 |
| **PAL0028** | 37.60 | 39.25 | 1.7 | 3.9 |
| **PAL0030** | 110.20 | 120.20 | 10.0 | 11.6 |
| **and** | 143.85 | 146.85 | 3.0 | 5.3 |
| **PAL0033** | 152.5 | 154.7 | 2.2 | 7.7 |
| **PAL0040** | 37.3 | 42.3 | 5.0 | 1.2 |
| **PAL0043** | 10.6 | 22.6 | 12.0 | 1.2 |
| **PAL0048** | 53.0 | 95.7 | 42.7 | 1.0 |
| **PAL0050** | 24.7 | 25.7 | 1.0 | 323g/t silver |

| Hole ID | Depth From (m) | Depth To (m) | Width (m) | Au g/t |
|---|---|---|---|---|
| **PAL0062** | 180.0 | 193.5 | 13.5 | 4.0 |
| **PAL0075** | 30.6 | 34.5 | 3.9 | 1.3 |
| **and** | 64.0 | 91.0 | 27.0 | 3.3 |

Significant efforts by Mawson employees and external consultants between July and October 2017 were expended in understanding the apparent stratigraphic and structural controls on the mineralization hit so successfully during the 2017 winter diamond drill campaign. Dr. Laurent Ailleres, a specialist geophysicist and structural geologist of PGN Geoscience was employed to complete a detailed magnetic interpretation employing all geophysical, geological and geochemical data. Combined with structural interpretation and lithogeochemical work by Professor Nick Oliver of HCOV Global, major advances in the understanding of the structural and stratabound controls on mineralization controls were achieved. These were used in the planning of the winter 2018 diamond drill program.

In January 2018 Mawson commenced winter drilling at Rajapalot (across Kairamaat 2/3, Hirvimaa and Raja exploration permits). A total of six diamond drill rigs were used with a total of 75 drill holes completed for a total of 16,214 metres.

Drilling of known prospects was successful in delineating further extensions to known gold areas, in particular at the Raja prospect where over 470 metres of down plunge gold mineralization has been tested. A summary of the key intersections is shown in the table below.

At the Raja prospect, drill results support the discovery of a new coherent mineralized body (ie PAL0093 31.7 metres @ 8.4 g/t gold from 244.1 metres) which has now been traced over 500 metres from surface with mineralization unconstrained laterally and down plunge. A 120 metre step-out on the mineralized trend from PAL0093 intersected mineralization in the second drill hole, PAL0118 including a 23 metre zone averaging 3.4 g/t gold (uncut). PAL0116, drilled up-plunge from PAL0092 and PAL0093, intersected 5.0 metres @ 3.3 g/t gold from 144.0 metres and 2 metres @ 3.6 g/t gold from 154.0 metres. Gold-cobalt mineralization is associated with sufficient sulphide to form an electrical conductor, and interpretation of VTEM geophysical data indicates potential down-plunge extent of the Raja mineralization from surface for greater than 900 metres.

At South Palokas broad lower grade mineralization has been discovered for the first time in the structural footwall (PAL0091 3.1 metres @ 2.3 g/t gold from 248.6 metres), as well as intersecting known mineralization in an upper zone (9.9 metres @ 2.5 g/t gold from 145.9 metres). PAL0089, drilled 70 metres up-dip from PAL0091, intersected low grade mineralization (2.0 metres @ 1.2 g/t gold from 86.7 metres and 1.0 metres @ 1.7 g/t gold from 92.5 metres). It interpreted that PAL0089 did not drill deep enough into the structural footwall to test the mineralization subsequently discovered in PAL0091. Further drilling is required to establish controls and extensions of the Rajapalot mineralized systems.

Drilling at the Rumajärvi prospect intersected 7.4 metres at 2.4 g/t gold from 15.6 metres to the north of PAL0037 which intersected 56m @ 0.53 g/t gold with no lower cut. A new interpretation of VTEM line data indicates undrilled conductive targets over 100 metres deep to the east of current drilling, apparently along strike from the Terry's Hammer intersection above. Further geophysical modelling of geophysical data is required to define the shape and size of this target.

At Palokas, drill hole PAL0110 intersected 4.7 metres at 2.5 g/t gold from 37.6 metres. This hole was drilled at the southern margin of the Palokas prospect and extends mineralization 30 metres further south towards South Palokas.
Terry's Hammer Prospect

Drilling at Terry's Hammer intersected 4.7 metres at 2.1 g/t gold from 65.7 metres in PAL0099, the first large diameter drill test of a combined remanent magnetic/chargeable/conductive anomaly comprising gold-bearing sulphidic rocks in outcrop. This hole opens up the potential of a new area between South Palokas and Rumajärvi.

During the period a newly identified cobalt association with previously known gold mineralization at the Rajapalot project. Significant cobalt has been initially discovered in association with and peripheral to gold mineralization across an area of 3 kilometres by 4 kilometres that remains open in all directions.

Significant assays received to date include:

- PAL0075: 10.8 metres @ 1,299 ppm Co, 6.2g/t Au (8.7g/t AuEq) from 8.7 metres
- PRAJ0009: 30.8 metres @ 525 ppm Co, 7.1g/t Au (8.2g/t AuEq) from 2.5 metres
- PRAJ0006: 19.5 metres @ 696 ppm Co, 7.1g/t Au (8.5g/t AuEq) from 1.3 metres
- PRAJ0107: 15.0 metres @ 602 ppm Co, 8.7g/t Au (9.9g/t AuEq) from 24.7 metres

Combined gold-cobalt mineralized intersections display increased widths and often show better continuity. Mineralogical studies on selected Rajapalot samples indicates that sulphide cobalt mineralization is hosted in cobaltite and cobalt pentlandite that are conventionally mined and processed in other deposits.

Results indicate the cobalt has the potential to add significant value as a by-product. Results received to date show AuEq assays that incorporate cobalt are 20-30% higher than gold only ("Au") assays.

Finland is an attractive jurisdiction for the discovery and development of cobalt. Finland presently refines half of the world's cobalt outside of China, relying on predominantly imported feedstock from a Chinese-owned mine in the Democratic Republic of Congo. A future domestic Finnish source of cobalt would satisfy the recent announcements by Finland and Sweden that the countries will work together on a traceable ledger for sustainable minerals, considered crucial for achieving climate goals.

Key results reported during August 2018 from the winter drill program include the following points:

(i) New cobalt assays, when added to the previously reported gold-only assays from PAL0093 at the Raja prospect returned 33.6 metres @ 9.7 g/t AuEq, 8.0 g/t gold, 823 ppm cobalt from 243.0 metres, increasing the previously reported gold-only result by 22% (31.7 metres @ 8.4 g/t gold from 244.1 metres).

(ii) PAL0119 intersected 4.0 metres @ 6.7 g/t AuEq, 6.6 g/t gold, 74 ppm cobalt from 19 metres at Raja. This new near-surface structurally-controlled gold mineralization was discovered 230 metres to the SSE of PAL0093.

(iii) Cobalt assays from Raja continue to indicate the strong spatial relationship with gold but with a larger halo.

(iv) Drilling at Hirvimaa, located outside Natura 2000 and approximately 1 kilometre NE of Palokas has defined the mineralized system at least one kilometre further than previously identified.

*Intersections reported to August 1, 2018 with a lower cut of 0.5g/t gold over 2 metre lower cut. No upper cut-off was applied. The AuEq value was calculated using the following formula: AuEq g/t = Au g/t + (Co_ppm/481) with assumed prices of Co $88,185/t; and Au $1,320/oz, where 1 g/t Au is equivalent to 0.048 % Co.*

| Hole ID | Depth From (m) | Depth To (m) | Width (m) | Au (g/t) | Co ppm | AuEq ppm |
|---|---|---|---|---|---|---|
| **PAL0083** | 45 | 46 | 1 | 2.6 | TBA | |
| **PAL0085** | 124 | 133.9 | 9.9 | 4.1 | TBA | |
| **PAL0085** | 137.9 | 138.9 | 1 | 0.5 | TBA | |
| **PAL0085** | 170 | 171 | 1 | 1.7 | TBA | |
| **PAL0088** | 142 | 143.4 | 1.4 | 0.6 | TBA | |
| **PAL0088** | 205 | 206 | 1 | 0.6 | TBA | |
| **PAL0089** | 86.65 | 88.65 | 2 | 1.2 | TBA | |
| **PAL0089** | 92.45 | 93.45 | 1 | 1.7 | TBA | |
| **PAL0089** | 101.2 | 102.2 | 1 | 0.6 | TBA | |
| **PAL0090** | 162.5 | 166.4 | 3.9 | 0 | 548 | 1.2 |
| **PAL0090** | 173.1 | 182 | 8.9 | 1.1 | 947 | 3.1 |
| **PAL0090** | 218.35 | 219.25 | 0.9 | 0.1 | 260 | 0.6 |
| **PAL0090** | 227.7 | 228.65 | 0.95 | 0 | 604 | 1.3 |
| **PAL0091** | 145.9 | 155.8 | 9.9 | 2.5 | TBA | |

| Hole ID | Depth From (m) | Depth To (m) | Width (m) | Au (g/t) | Co ppm | AuEq ppm |
|---|---|---|---|---|---|---|
| **including** | 155 | 155.8 | 0.8 | 19.9 | TBA | |
| **PAL0091** | 159.4 | 160.5 | 1.1 | 0.9 | TBA | |
| **PAL0091** | 248.6 | 251.7 | 3.1 | 2.3 | TBA | |
| **PAL0091** | 256.5 | 257.4 | 0.9 | 0.6 | TBA | |
| **PAL0092** | 246 | 250 | 4 | 17.7 | TBA | |
| **PAL0093** | 186 | 187 | 1 | 0.6 | 58 | 0.7 |
| **PAL0093** | 203 | 204 | 1 | 0.1 | 401 | 0.9 |
| **PAL0093** | 243 | 276.55 | 33.55 | 8 | 823 | 9.7 |
| **PAL0093** | 280.4 | 281.4 | 1 | 6.8 | 206 | 7.3 |
| **PAL0095** | 214.8 | 216.8 | 2 | 0.2 | 360 | 0.9 |
| **PAL0095** | 217.85 | 218.85 | 1 | 0 | 392 | 0.8 |
| **PAL0095** | 220.75 | 221.45 | 0.7 | 1.1 | 558 | 2.3 |
| **PAL0095** | 224.15 | 225.15 | 1 | 0 | 439 | 0.9 |
| **PAL0095** | 227.15 | 233 | 5.85 | 0.6 | 394 | 1.4 |
| **PAL0095** | 235 | 237 | 2 | 0.4 | 290 | 1 |
| **PAL0095** | 279.7 | 280.7 | 1 | 0.2 | 554 | 1.4 |
| **PAL0095** | 283.75 | 284.7 | 0.95 | 0.1 | 269 | 0.6 |
| **PAL0095** | 285.6 | 287.8 | 2.2 | 0.1 | 572 | 1.3 |
| **PAL0095** | 298.5 | 299.5 | 1 | 0 | 516 | 1.1 |
| **PAL0095** | 309 | 310 | 1 | 0 | 257 | 0.5 |
| **PAL0095** | 321 | 321.85 | 0.85 | 0 | 429 | 0.9 |
| **PAL0097** | 164 | 165 | 1 | 0.7 | TBA | |
| **PAL0097** | 169.6 | 170.6 | 1 | 0.7 | TBA | |
| **PAL0097** | 197 | 198.3 | 1.3 | 0.7 | TBA | |
| **PAL0097** | 200.3 | 201.4 | 1.1 | 0.6 | TBA | |
| **PAL0097** | 256.6 | 264.3 | 7.7 | 1.5 | TBA | |
| **PAL0097** | 269.3 | 270.3 | 1 | 1.5 | TBA | |
| **PAL0097** | 281.3 | 285.3 | 4 | 1.9 | TBA | |
| **PAL0097** | 290.5 | 291.6 | 1.2 | 2.5 | TBA | |
| **PAL0097** | 294.8 | 296.8 | 2.1 | 2.7 | TBA | |
| **PAL0099** | 16.7 | 17.7 | 1 | 1.2 | TBA | |
| **PAL0099** | 65.7 | 70.4 | 4.7 | 2.1 | TBA | |
| **PAL0100** | 289 | 291.8 | 2.8 | 0.8 | TBA | |
| **PAL0100** | 294 | 296.3 | 2.3 | 2.9 | TBA | |
| **PAL0100** | 300 | 301 | 1 | 1.4 | TBA | |
| **PAL0104** | 280 | 282 | 2 | 0.5 | 2 | 0.5 |
| **PAL0107** | 108.85 | 109.85 | 1 | 0 | 789 | 1.7 |
| **PAL0107** | 137 | 138 | 1 | 0 | 282 | 0.6 |
| **PAL0107** | 150 | 153 | 3 | 0.2 | 591 | 1.4 |
| **PAL0109** | 15.6 | 23 | 7.4 | 2.4 | TBA | |
| **PAL0109** | 79.2 | 80.2 | 1 | 0.6 | TBA | |
| **PAL0109** | 83.2 | 84.2 | 1 | 0.6 | TBA | |
| **PAL0110** | 25.2 | 26.3 | 1.1 | 4 | TBA | |

| Hole ID | Depth From (m) | Depth To (m) | Width (m) | Au (g/t) | Co ppm | AuEq ppm |
|---|---|---|---|---|---|---|
| **PAL0110** | 37.6 | 42.3 | 4.8 | 2.5 | TBA | |
| **PAL0115** | 122 | 123 | 1 | 0.6 | TBA | |
| **PAL0115** | 125.9 | 127.9 | 2 | 0.6 | TBA | |
| **PAL0115** | 165 | 166 | 1 | 1.1 | TBA | |
| **PAL0115** | 230.6 | 231.4 | 0.8 | 0.6 | TBA | |
| **PAL0116** | 144 | 149 | 5 | 3.3 | TBA | |
| **PAL0116** | 154 | 156 | 2 | 3.6 | TBA | |
| **PAL0118** | 322 | 329 | 7 | 2.8 | TBA | |
| **PAL0118** | 368.1 | 391.2 | 23.1 | 3.4 | TBA | |
| **Including** | 381 | 386 | 5 | 12.4 | TBA | |
| **Including** | 381 | 382.6 | 1.6 | 37.3 | TBA | |
| **PAL0119** | 16 | 20 | 4 | 6.6 | 74 | 6.7 |
| **PAL0119** | 109 | 115 | 6 | 0.4 | 287 | 1 |
| **PAL0119** | 120 | 120.5 | 0.5 | -0.1 | 824 | 1.7 |
| **PAL0122** | 87 | 88 | 1 | 0.8 | TBA | |
| **PAL0122** | 124.2 | 125 | 0.9 | 1 | TBA | |
| **PAL0122** | 129 | 132 | 3 | 1.4 | TBA | |
| **PAL0126** | 6.65 | 7.5 | 0.85 | 0.64 | TBA | |
| **PAL0139** | 41.6 | 43.6 | 2 | 0 | 365 | 0.8 |
| **PAL0143** | 93.1 | 97.2 | 4.1 | 0 | 386 | 0.8 |

Drilling in 2017 and 2018 confirmed the presence of gold-bearing, sulphide-bearing hydrothermal systems associated with granitoid intrusions dated at approximately 1.8 billion years, making the project similar in age to the Agnico Eagle's > 8 Moz Kittila project that lies 150 km north of Rompas-Rajapalot. Gold mineralization is controlled by a combination of granitoids and structurally-controlled fluid flow systems interacting with stratabound iron-rich rocks (K-Fe and Fe-Mg types). The new style of mineralization discovered in the Rumajärvi and Raja prospects (K-Fe type) indicates a micaceous host is a very worthy target style. Given the wide variety of controls on gold, the drill success rate remains exceptional.

*Base of Till ("BOT") Drill Programs*

A track-mounted base of till drill rig utilising a flow-through bit where drilling to refusal allows sampling of the basal glacial layer has been used extensively for regional and near-prospect exploration on the project. The sample is pushed out of the bit and bagged on site. Low detection limit multi-element analysis of the sample material is then utilised with the aim of detecting both physical and chemical dispersion of gold and the associated multi-element signature of the hydrothermal alteration.

A broad area of 4 by 6 kilometres was drill tested by the first 1,801 BOT drill hole program (Kairamaat 2-3, Hivimaa and Raja permit areas). The program was successful in defining known mineralization and also defined multiple new drill targets over an extensive area. The Rajapalot gold mineralizing system now covers more than 4.5 square kilometres based on diamond drill results and is most likely to extend much further based on anomalous gold values in the BOT data.

Further BOT drilling in the Hirvimaa and Männistö permits conducted in the last year now brings to total sites sampled to 2,775. Interpretation of the data indicates indicates potential for further disseminated gold-cobalt sulphide mineralization to be discovered across the project area. Ground-based geophysical surveys including 25 metre spaced ground magnetic lines and 50 metre spaced gradient array IP/resistivity surveys are planned to follow up on anomalous areas. In addition, west of Rompas in the Männistö permit, an area of Cu-Ni-Au-PGE anomalism on BOT samples is associated with mapped pyroxenite intrusions, komatiitic volcanics and sulphidic graphitic rocks and is being investigated for massive sulphide mineralization.

*Summary of BOT drilling completed to date in Rompas-Rajapalot project.*

| PERMIT AREA | TOTAL SAMPLE POINTS |
|---|---|
| **Kairamaat 2-3** | 1371 |
| **Hirvimaa** | 615 |
| **Raja** | 188 |
| **Männistö** | 601 |

*Rajapalot Geophysics*

In March 2015 the results from a 100 m line spaced induced polarization ("IP") and resistivity survey at Palokas defined a 600 metre-long conductive anomaly extending down plunge from drilled near-surface gold mineralization (i.e. 19.5 metres @ 7.4 g/t gold from 1.3 metres depth. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The IP area surveyed commenced more than 250 metres north of Palokas to 500 metres south of the Palokas prospect. Gold at Palokas is associated with pyrrhotite which forms the conductive and chargeable anomaly associated with drilled gold mineralization and has been confirmed by petrophysics. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The body plunges south and has little or no surface expression where recent near-surface drilling has provided near-miss and thinner mineralized gold hits. This IP/resistivity survey was conducted in conjunction with a 100 metre line-spaced ground magnetic survey.

Also evident in the March 2015 survey was a combined IP and low resistance anomaly that coincided with a ground magnetic low. This area was first drilled with portable 25 mm coring equipment (Winkie drill rig) and was followed up with larger diameter diamond drilling in winter 2016-18. Now known as the Raja prospect, the combined chargeable-conductive magnetic lows have proved invaluable in the search for more sulphidic gold-cobalt mineralization.

Detailed ground magnetic surveys at line spacings between 100 metres and 15 metres have been completed during 2014-2018. The testing has indicated that 25 metre line spacing is optimum for discovery and geological interpretation. Geological, primarily structural interpretation of the ground magnetic data indicates a complexly refolded and faulted sequence, but still including distinctive and traceable units. Additional magnetic surveys to infill surveys to 25 metres over the inferred most prospective rocks are underway at the time of writing. The last completed survey reported to August 1, 2018 was 90 line kilometres infill to 25 metre line spacing over the Kairamaat 2/3 permit.

Much of the southeastern portion of Kairamaat 2/3 permit and more than 40 % of Hirvimaa permit is now also covered by gradient array IP/chargeability surveys. Combined chargeable-conductive features have been successfully drill tested during the 2017 and 2018 winter diamond drill campaigns. These include the Raja, Rumajärvi, Palokas, South Palokas, Terry's Hammer and The Hut prospects. A 29 line kilometre gradient array IP/resistivity survey completed in southwest Rajapalot indicates a very strong chargeable signal combined with a galvanic conductor in a portion of the survey that overlaps the Raja prospect.

The Company conducted a VTEM*plus* survey across the Rajapalot area in 2013. Re-examination of the data confirms the conductivity of the mineralization, in particular when combined with the drill results from Raja prospect—an anomaly extends to depth over more than 900 metres down plunge. Similar conductive features at Rumajärvi prospect exist to the east and northeast of the known gold intersections.

A fixed loop EM survey conducted by contractors from Geovista has commenced to test for subsurface continuity of mineralization intersected in the 2017 and 2018 diamond drill programs. The initial surface EM measurements will be followed by down-hole surveys for more accurate delineation of the subsurface extent of the anomalies visible in the VTEM*plus* survey data.

*Geological Discussion - Nature of Mineralization*

The presence of a large, gold-cobalt bearing, sulphide-bearing hydrothermal system associated with granitoid intrusions dated at 1.78 billion years has been confirmed by drilling and associated scientific research projects. This age is similar to the Agnico Eagle's 7.8 Moz Kittila project that lies 150 km north of Rompas-Rajapalot. Gold mineralization at Rajapalot consists of sulphide (pyrrhotite>>pyrite), magnetite, biotite, muscovite and chlorite hydrothermal mineral assemblages hosted in predominately grey albitites and muscovite-biotite schists. Iron-and magnesium-rich hydrothermally altered sulphidic rocks are abundant at Palokas and form local pods or structurally

controlled void infills at other prospects. At Raja and Rumajärvi the potassic schistose sulphidic mineralization (K-Fe type) dominates, and although apparently strongly controlled by position on fold hinges has a stratabound control on grade. Textures overall range from veined albitic granofels through fractured and brecciated to schistose. Veining and fracture fill minerals include pyrrhotite, magnetite and magnetite-pyrrhotite (+/- quartz). Local retrograde chlorite after biotite and vein-controlled chlorite+/- tourmaline and magnetite are also present. Preliminary hand-held XRF analysis confirms the presence of associated scheelite and molybdenite, the former visible under UV light as tiny veinlets and disseminations. The iron-rich nature of the mineralized rocks is a common theme in either the oxide or sulphide form, with a variably sulphidic and chloritic overprint. The alteration is clearly post-metamorphic, reduced, and most likely driven by granitoid intrusions. Chlorite is regarded as the lowest temperature silicate mineral with gold, structurally controlled in apparent spatial association with quartz veins. Altered rocks enclosing the mineralized package contain locally abundant talc and tourmaline.

*Preliminary Metallurgical Testing*

During October 2014 the Company announced results from preliminary metallurgical testing on drill core from the Palokas prospect at the Rompas-Rajapalot gold project in Arctic Finland by SGS Mineral Services UK in Cornwall. Excellent gold extraction results of between 95% and 99% (average 97%) were obtained by a combination of gravity separation and conventional cyanidation. Gravity extraction for the four composites responded well with 26%-48% gold extraction. Leaching was performed on the pulverised and blended tailings from the three size fractions after gravity extraction. Samples tested are not classified as refractory. Metallurgical test work indicates gold recovery and processing are potentially amenable to conventional industry standards with a viable flowsheet which could include crushing and grinding, gravity recovery, and cyanide leaching with gold recovery via a carbon-in-pulp circuit for production of onsite gold doré.

*Rompas Vein Gold Project*

The initial discovery area, Rompas, is a hydrothermal vein style system defined over a 6 kilometres strike and 200-250 metres width. Exploration on the project started in May 2010. During that year, 80 channel samples averaged 0.59 metres at 203.66 g/t gold and 0.86% uranium and during 2011 the weighted average of all 74 channel intervals was 1.40 m at 51.9 g/t gold and 0.13 % uranium. Unrepresentative grab sample results include values up to 33,200 ppm gold and 56.6% uranium oxide at Rompas.

From mid-2011 Mawson has drilled 8,164.8 metres in 90 holes at Rompas, comprising 2,462.8 metres in 29 drill holes at North Rompas; 2,436.2 metres in 29 drill holes in the northern block at South Rompas; 2,504.3 metres in 24 holes within the southern block at South Rompas; and 761.5 metres in 8 drill holes at Northern Rajapalot.

In August 2012, results from the first drill program at Rompas returned 6 metres @ 617 g/t gold in drill hole ROM0011 including 1 metre @ 3,540 g/t gold and 1 metre @ 114.5 g/t gold in drill hole ROM0015. These results confirmed the significance of the hundreds of high-grade surface occurrences that were channel sampled during 2010 and 2011.

A second drill program commenced in December 2012. At North Rompas the best results include 0.4 metres @ 395 g/t gold and 0.41% uranium from 41.0 metres in drill hole ROM0052, the most southerly drill hole of the program; and 1.1 metres @ 9.8 g/t gold and 0.16% uranium from 78.5 metres in drill hole ROM0053.

Drilling at the Kaita prospect at the most southern end of the Rompas vein system did not intersect mineralization of economic interest. A 13 diamond drill hole program for 784.2 metres campaign was conducted during September-October of 2013. The best diamond drill result was 1m @ 4.9 g/t gold from 49 metres in KD0009. Better surface diamond cut trench results from Kaita included 1.65 metres @ 29.1 g/t gold in TR107465; 1.2 m @ 27 g/t gold in TR118401, 0.4 m @ 132 g/t gold in TR118407 and 1.5 m @ 42.2 g/t gold in TR118425.

With only 450 metres of the plus 6 kilometre vein system sporadically tested to date down to less than 80 metres vertical depth, the most encouragement has come from the northern block of South Rompas vein system, with both prospect scale shallow drilling and trenching defining a coherent mineralized sequence. South Rompas is characterized by gold mineralization constrained to one specific host rock type (metabasalt) within a broader uranium halo. Within this halo the:

- top 24% of all trench and drill assays above the lower cut of 0.5 g/t gold or 100 ppm uranium, have a grade of 100 g/t or more and the top 24% of all intersections have a grade of 0.42% uranium or higher;
- top 25% of drill intersections only have a grade of 7.7 g/t or higher;

- highest grade drill hole intersection is 3,540 g/t gold over 1 metre. The highest grade uranium intersection is 3.6% uranium over 0.6 m in a trench. The highest grade drill intersection grade of 0.7% uranium over 1.0 metres;
- mineralization in the vein system, to date, is characterized by narrow intersection widths of 1-2 metres with an average of 0.9 metre thickness;
- drilling, to date, has been shallow with 46% of intersections at 20 metres down hole depth or less; and
- 11 out of 13 holes drilled in 2013 winter drill program at South Rompas had at least one intersection that exceeded lower cut 0.5 g/t gold or 100 ppm uranium.

The host sequence to the Rompas vein-style mineralization comprises a package of amphibolite facies metamorphosed basalts, clastic sediments, carbonate rocks and reduced shales of the Paleoproterozoic Peräpohja Schist Belt in southern Lapland. Mineralized intersections to date are largely within metabasaltic rocks. Detailed field mapping and logging of drill core indicate the gold and uraninite at Rompas is hosted by carbonate-quartz-calcsilicate veins and their related alteration selvages. The calcsilicate veins comprise carbonate, quartz, amphibole and pyroxene with highly variable amounts and distribution of uraninite and gold. Alteration of the host rock marginal to the veins comprises biotite, amphibole and some K-feldspar. The gold and uraninite are typically found intimately associated at North and South Rompas, although rare elevated uranium intersections contain little or no gold. The carbonate veins within the host clastic sequence appear identical to those within the metabasalts, indicating perhaps a structural or wall rock control on the precipitation of the gold and uraninite. Further work to identify the controls on mineralization conducted in association with the Geological Survey of Finland ("GTK") found that the age of the uraninite was at least 1.95 Ga, whereas the gold-sulphide stage of the mineralization is likely approximately 1.8 Ga, within error of the age of the Rajapalot gold-cobalt mineralization.

In summary, the Rompas Au-U mineralized system comprises dolomite-calcsilicate-quartz veins within amphibolite facies mafic volcanics (and possibly sills).

- Mineralization occurs on a six kilometre long, north-trending ridgeline that geophysically extends up to combined 10 kilometre strike under glacial cover to the north and south.
- Folded and attenuated veins are found both within the mafic volcanics and the enclosing calcsilicate-bearing albitites, but mineralization is almost exclusively confined the mafic rocks.
- Uraninite grains, variable in size, but some exceeding 2 cm, occur within the dolomite-calcsilicate-quartz veins - these have been dated at >1.95 Ga (the metamorphic age of the host rocks). It is therefore interpreted that their emplacement age is much older, but likely less than 2.3 Ga (approximate age of the Great Oxidation Event).
- Gold in the Rompas mineralized trend mostly occurs intimately with uraninite, filling fractures in association with sulphides, tellurides and gold alloys. A further association is the gold that surrounds pyrobitumen grains that in turn surround uraninite.
- Apparently very late localized gold is visible on cleavage surfaces in dolomite.
- Stage 1 of the gold mineralization is dated at 1.8 Ga based on ages of the coexisting mineral assemblages; there are no constraints on the age of gold that is paragenetically later (younger) than stage 1.

After consultation with the mining and environmental authorities a decision was also made to leave handling of the Rompas (formerly Kairamaat 1) area, which includes the Rompas vein-style prospects, to a later date to allow for additional background data to be collected and further discussions with stakeholders. This process has now started and an application for the renewal of Rompas is expected to be ready for submission in 2019. Therefore, at this stage, the Company is focussing its efforts on the Rajapalot project area.

*East Rompas Discovery (Männistö Permit Area)*

The understanding of the regional controls on disseminated gold mineralization combined with a fresh examination of the host rocks to Rompas vein-hosted gold system allowed targeting of a new area east of the Rompas trend in summer, 2017. This area lies within the newly granted Männistö exploration permit (but including the areas drilled during the Rompas campaigns described above). Fieldwork in the area included mini-drill sampling, rock chip sampling and geological mapping. Geophysical surveys completed included electromagnetic geophysics (VLF-R) and ground magnetics. These have been instrumental in increasing the understanding of the sub-till basement geology. The area is fully permitted for diamond drilling and is located outside Natura 2000 areas.

Disseminated gold mineralization was discovered as a 750 metre-long system some 500 metres east of the 6 km long Rompas vein-hosted system. One hundred and ten samples were collected in the first program, analyzed and reported, from which gold grades ranged from <0.05 g/t gold to 2,375 g/t gold. Of the 30 samples ranging between 0.1 g/t and 2,375 g/t gold, the average grade is 201.1 g/t gold and the median 0.82 g/t gold (data can be viewed on the Company website at www.mawsonresources.com). Samples are outcrop grab samples, which are selective by nature and are unlikely to represent average grades on the property.

The area was prioritized through recent re-interpretation of the regional stratigraphy, including the understanding that disseminated gold occurrences of the Rajapalot-style lie stratigraphically adjacent to the high grade Rompas-style gold vein mineralization.

Gold mineralization in these newly discovered outcrops is hydrothermal, fracture-controlled and associated with strongly biotite-altered mafic rocks, believed similar to the Joki discovery at Rajapalot. Most of the fracture-controlled gold mineralization discovered to date occurs in strongly hydrothermally biotite-altered mafic rocks within a 750 metres long zone. The width of the occurrences is uncertain, but are at least 20 metres. Outcrop is poor and forms less than 5% of the area. In the northern part of the discovery area, alteration is concentrated close to the eastern contact towards metasediment/mafic contact. The biotite alteration appears to be a younger event than the amphibolite-facies foliations developed in most of the adjacent rocks. The mafic rocks are variably magnetic and are hosted within calcsilicate and quartz-rich rocks.

A test reverse circulation ("RC") program was completed in the Männistö permit area in the immediate vicinity of gold mineralization during September 2017. Seventeen shallow holes (less than 20 metres) were drilled through thin glacial soil to bedrock along three lines to test the Rajapalot-style gold target position. 135 samples were taken both within the glacial cover and in bedrock. Interpretation of the minor gold anomalism and multielement geochemistry combined with geological mapping and grab samples has enabled a diamond drilling that commenced in December 2017 completing a total of 10 drill holes for 1473.85 metres. No significant anomalous gold was intersected during the drill program.

The Company completed a systematic BOT drilling (approximately 601 holes) across the entire Männistö permit area during January to March 2018.

*Rompas-Rajapalot Regional Exploration Project*

Over a larger area, the extensive data collected from Rompas during the last four field seasons has provided an excellent understanding of the exploration potential. Mawson has collected a total of 2,808 surficial soil and till samples over an area exceeding 55 km by 30 km. Sample spacing has ranged from 1 km to 250 metres. Known gold mineralization correlates well with surficial soil anomalies and many untested surface targets remain over a larger area.

Surface prospecting, using radiometric methods as a pathfinder for gold, have defined high-grade gold mineralization over a 100 $km^2$ area, where less than 5% of rock outcrops. Mawson's geochemical rock chip, grab and channel sample database over this large area now contains 1,171 samples which average 212 g/t gold and 0.8% uranium. Of the 1,171 samples, 84 samples assay more than 100 g/t gold. Gold values range from 33,320 g/t gold to <0.001 g/t gold and uranium values from 49.5% to <4 ppm. Channel samples are considered representative of the in situ mineralization sampled, while grab samples are selective by nature and are unlikely to represent average grades on the property.

Importantly, about 90% of the Rompas-Rajapalot project area is below soil and till cover which, at up to five metres thick, is too thick for the discovery of near-surface radiometric occurrences and exploration is at its very earliest of stages.

The gold component of the Rompas prospects and the Rajapalot gold-cobalt mineralization are considered to be the same system, manifested in different ways. The main relationships between the two areas, understood to date, are:

- the gold at the Rompas and Rajapalot projects is predominately 1.78 Ga in age;
- although the main gold mineralizing events at both locations appear very different, a similar driving force is inferred. That is, the hydrothermal systems are driven by shallowly-emplaced regional granitoids;
- the precipitation mechanisms for gold however, varies across the project areas - from uraninite-related processes (complex interplay of reactions involving bisulphide complexes through oxidation by

radioactivity and release of radiogenic lead from uraninite) to reaction of hydrothermal fluids with existing iron-rich silicate and oxide rocks (e.g. Palokas). Processes involving more "standard" wall-rock redox and acidic fluids to produce white mica and sulphide should also be considered, along with classic skarns;

- the possibility of gold carried by "early, high-T" gold chloro complexes should not be discounted as a mechanism for the biotite-magnetite gold occurrences;
- a strong gravity gradient across North Rompas is interpreted to represent the edge of a shallow granite. The occurrence of gold along the Rompas trend appears to become higher temperature and more widely distributed with silicates towards the north (requires further work); and
- the gold-cobalt bearing Palokas Fe-Mg rocks and the disseminated K-Fe sulphidic rocks interpreted as stratigraphically lying above the Rompas mafic rocks. Stratigraphically above this position are a series of aluminous clastic metasediments, quartzites, graphitic and bituminous schists and magnesian mafic rocks.

During the period July to October 2017 Dr. Laurent Ailleres of PGN Geoscience, an expert in the building of 3D structural-geophysical models, and Dr. Nick Oliver of HCOV Global, a renowned Proterozoic structural and hydrothermal specialist were involved with Mawson in the creation of a new structural-lithochemical model for exploration in the Rajapalot area. The integrated diamond drilling, BOT, surface sampling and geophysical data has helped to produce an updated interpretation of the Rajapalot gold mineralization. Multiple new targets, in addition to validation of Mawson's existing targeting approach, have resulted in determining the targets for the current drill program.

*Rompas-Rajapalot Global Analogues*

As a result of the diamond drilling programs over the 2016-2018 winters, Mawson was been able to define the Rompas-Rajapalot mineralization as typical of a Paleoproterozoic gold system. This well-documented deposit style appears to be late tectonic, has a stratabound geochemical control on gold precipitation and commonly has a regional granitoid association in the age range 1.75-1.85 Ga. A global metal contribution of more than 200 million ounces makes for a significant target type. The best analogues to the Rajapalot mineralization are the Homestake Mine in South Dakota; Tanami mines in Northern Territory, Australia and Salobo (Brazil).

The similarities of Rompas-Rajapalot to the Paleoproterozoic Lode Gold±Ironstone-Copper deposit style include:

- similar age host rocks and mineralization age;
- a similar tectonostratigraphic setting with a Paleoproterozoic sequence with large layered mafic sequence at the base, mature clastic and carbonate platform sediments, including rocks deposited during the Great Oxidation Event (GOE) transitional into deeper water, reduced facies including carbonaceous rocks;
- post-peak metamorphic emplacement of large intrusives driving hydrothermal fluids causing metal deposition in a brittle and brittle-ductile regime;
- a strong stratigraphic-structural control including stratabound and fold hinge related mineralization;
- large retrograde hydrothermal fluid systems carrying significant gold an cobalt; and
- similar iron and magnesium-rich alteration rock types forming a close association with gold mineralization.

The Rompas-Rajapalot project continues to evolve with significant advances in the understanding of similar structural-stratigraphic and fluid-rock controls on apparently contrasting mineralization styles. The adoption of a "mineral systems" approach combined with the results of the recent winter diamond drilling allows us to interpret the entire new mineralized gold camp that Mawson has defined. This new interpretation has led to the definition of more than 65 kilometres of host stratigraphy in the project area. The Paleoproterozoic Gold target style is a geological concept and is not necessarily indicative of the mineralization style that will eventually exist on the Property. The exploration programs defined for 2018 will systematically test some of the target areas, in order to test structural and stratigraphic traps that may host this style of gold mineralization.

**Environment and Permitting**

The Rompas-Rajapalot project is still in the exploration phase and significant work is required before progression to an advanced exploration project. Finland has rigorous regulatory processes with strict environmental standards and we are committed at this early project stage to work with the regional and national authorities and broader stakeholder

groups to develop the project in a responsible way. Mawson has completed eight years of flora and water base line studies and nature assessments at Rompas-Rajapalot. The Company looks forward to continuing to work closely with both the mining and environmental authorities and other stakeholders over the coming years to ensure our work is conducted according to sustainable and global best practice methods.

In November 2014, Mawson announced the appointment of environmental specialist, Ms. Noora Ahola to the position of Environmental Leader, Finland. Ms. Ahola is a Forestry Engineer with a Masters Degree in Landscape Management. She has developed strong experience within the Finnish environmental administration, applying environmental legislation towards nature protection. Her most recent role has been with The Centre for Economic Development, Transport and the Environment for Lapland (ELY-Centre) in the Nature Protection Unit as a project manager for a program based on developing biodiversity and ecological connections between Natura 2000 sites.

On September 14, 2016, Ms. Ahola was appointed as a director of the Company and as a member of the Environmental, Health and Safety Committee of the Company. Ms. Ahola advises the Company on the monitoring and management of key environmental plans and risks associated with Mawson's projects to ensure that environmental factors are effectively addressed and managed. Working closely with local communities and government, Ms. Ahola manages consultants and ensures that environmental criteria are integrated into the design of exploration projects. The role is a key member of the exploration team and she is responsible for ensuring all environmental requirements are delivered on time and within scope.

Mawson carries out its exploration activities in large areas, including areas with a conservation status. Natural regeneration capacity in the northern regions is slower than in the southern regions due to the cold climate and short growing season. All the activities must therefore be carefully and thoughtfully planned to maintain and achieve sustainability.

The Company is committed to carry out all the research measures implemented with special care, according to the national legislation, guidelines and recommendations provided by the environmental administration authorities. In addition, international legislation and in particular the Habitats and Birds Directives guide the Company's operations. As a part of Company's development it also invests in new exploration methods and techniques with less significant impacts. The Company's aim is to carry out all their activities with ecologically, socially and economically sustainable manners. The Company also requires its subcontractors to the corresponding accountability in all their activities.

The main areas of Company's operations, Rompas and Rajapalot, are located on the border of Rovaniemi and Ylitornio municipalities in northern Finland. The Company has completed a variety of nature studies, and also implemented a Natura 2000 assessment related to the future and ongoing exploration activities. Currently there exists little scientific research on the impacts of different kinds of exploration methods on nature and the environment in these areas and therefore the Company's exploration activities and their impacts on the natural environment, species and water is monitored continuously. Monitoring activities will provide long-term research information on how sampling and exploration work should be carried out in a sustainable way without causing damage to environmental values.

For the recent core sampling program at Rajapalot, Mawson has completed biological mapping of all areas where drilling will take place, and worked together with all authorities to minimize its impacts, including the capture of all drill cuttings, reduction in total machine weight and the placement of walkways to reduce foot traffic.

Certain areas of the Rompas-Rajapalot areas (namely exploration permit areas Rompas and Kairamaat 2-3) are defined as European Union Natura 2000 conservation programme designated areas. Natura 2000 sites cover about 14.6% of Finland and approximately 30% of Northern Finland. Natura 2000 is the centrepiece of EU nature and biodiversity policy. It is an EU-wide ecological network of over 27,000 sites in the 28 EU countries. Network has been established under the 1992 Habitats Directive complementing earlier in 1979 adopted Birds Directive and covering over 18% of the EU's land area. The aim of the network is to assure the long-term survival of Europe's most valuable and threatened species and habitats.

According to the Finnish Mining Act, after the first renewal period of up to 4 years, all exploration permits in Finland can be renewed in 3-year maximum intervals, for a combined total of 15 years. The Kairamaat 2-3 exploration permit (1,462 hectares), currently granted but not in legal force during a standard appeal period, is part of Mawson's larger ground holding in Rompas-Rajapalot of 16,344 hectares, of which a total of 4,263 hectares are granted and legal force. Kairamaat 2-3 was first granted to Mawson as exploration claims in October 2011 under an older version of the

Mining Act, and then renewed in June 2014 and January 2018. On January 12, 2018, the Finnish Mining Authority, TUKES, renewed the Kairamaat 2-3 exploration permit, according to specific environmental assessments performed by Mawson, for an additional 2 years. As a part of its permit decision, TUKES issued an enforcement of the earlier exploration permit conditions to allow exploration work to commence immediately. As is standard in Finnish legislation, all administrative decisions are appealable. Three appeals were filed against the TUKES decision to the Northern Finland Administrative Court on the exploration permit decision with requests for abrogation of the enforcement order. On March 23, 2018 the company was advised that the Administrative Court made an interlocutory judgment in the enforcement order matter and decided to abrogate TUKES' enforcement order and therefore drilling at Kairamaat 2-3 has been finished 2-3 weeks earlier than initially planned during the winter drilling period. Winter drilling on snow cover is only permitted within the Kairamaat 2-3 area. Nevertheless, of the 59 holes drilled during the winter program for a total of 13,079 to date, a total of 44 diamond drill holes for 9,838 metres were completed within the Kairamaat 2/3 exploration permit this winter. The Kairamaat 2/3 permit is currently granted but not in legal force while appeals are being heard. The Company has applied change for the decision under appeal, meaning that the Mining authority has started a new permitting process related to the Kairamaat 2-3 permit. A new permit decision is to be given by the end of 2018. The Company is working with all relevant authorities to be back drilling in Kairamaat 2/3 next winter (late 2018).

Natura 2000 is not a system of strict nature reserves where all human activities are excluded. Development in Natura is defined by clear rules and the emphasis is on ensuring that future management is sustainable, both ecologically and economically. Eighty-two percent of the Rompas-Rajapalot project lies outside of Natura areas. Mawson area permitted to complete all exploration at Rajapalot inside and outside Natura zones. The next permitting step required will come at mining where biodiversity offsets for Natura areas will most probably be required. There are mining projects that have been permitted and are in production in Natura areas within Europe, including Krumovgrad (gold mine Bulgaria), Prosper Haniel (coal mine in Germany) and Mechelse Heide Zuid (sand mine in Belgium). Anglo American is currently permitting the Sakatti Ni-Cu-PGE project for mining in Finland.

***Future Developments***

A continuing program is recommended at the project with the main goal over the next year to define the first NI43-101 compliant resource at Rajapalot and continue to develop adjacent prospect areas for deep drill testing. Specifically, the recommended work program should address the following items:

1. Diamond drilling - 25,000 metres NQ-NQ2 diamond drilling, plus gold and multi-element assays - Kairamaat 2-3, Hirvimaa, Raja, Männistö permits (both resource definition and new target definition drilling) during the 2018 autumn and 2019 winter;

2. Ground fixed loop EM, measured both on surface lines and down-hole to determine subsurface extent of both known and as-yet undiscovered sulphidic mineralization;

3. Gradient array IP & resistivity survey at 50 metre line spacing Kairamaat 2-3, Hirvimaa, Raja, Männistö permits.

4. Detailed ground magnetics infill over Rajapalot area and Männistö permit.

**Selected Financial Data**

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

| | Years Ended May 31, | | |
|---|---|---|---|
| | 2018 $ | 2017 $ | 2016 $ |
| **Operations:** | | | |
| Revenues | Nil | Nil | Nil |
| Expenses | (2,497,554) | (2,525,063) | (1,456,719) |
| Other items | 56,254 | (486,531) | 107,394 |
| Deferred income tax | Nil | (40,500) | Nil |
| Net loss | (2,441,300) | (3,052,094) | (1,349,325) |
| Other comprehensive gain (loss), net of deferred income tax | (5,449) | 694,723 | 30,202 |
| Comprehensive loss | (2,446,749) | (2,357,371) | (1,319,123) |
| Basic and diluted loss per share | (0.02) | (0.03) | (0.02) |
| Dividends per share | Nil | Nil | Nil |
| **Balance Sheet:** | | | |
| Working capital | 11,008,224 | 4,719,472 | 3,990,281 |
| Total assets | 35,339,680 | 23,552,740 | 18,452,124 |
| Total long-term liabilities | Nil | Nil | Nil |

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

| | Fiscal 2018 | | | | Fiscal 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | May 31 2018 $ | Feb 28 2018 $ | Nov 30 2017 $ | Aug 31 2017 $ | May 31 2017 $ | Feb 28 2017 $ | Nov 30 2016 $ | Aug 31 2016 $ |
| **Operations:** | | | | | | | | |
| Revenues | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | (708,605) | (939,853) | (381,829) | (467,267) | (491,829) | (476,915) | (1,276,504) | (279,815) |
| Other items | 2,343 | 35,008 | 28,605 | (9,702) | 73,200 | 7,106 | (571,900) | 5,063 |
| Deferred income tax | Nil | Nil | Nil | Nil | (40,500) | Nil | Nil | Nil |
| Net loss | (706,262) | (904,845) | (353,224) | (476,969) | (459,129) | (469,809) | (1,848,404) | (274,752) |
| Other comprehensive income (loss), net | (5,792) | 7,845 | (1,240) | (6,262) | 27,033 | 9,830 | 617,198 | 40,662 |
| Comprehensive loss | (712,054) | (897,000) | (354,464) | (483,231) | (432,096) | (459,979) | (1,231,206) | (234,090) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.00) | (0.00) | (0.01) | (0.00) | (0.02) | (0.00) |
| Dividends per share | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Balance Sheet:** | | | | | | | | |
| Working capital | 11,008,224 | 14,143,601 | 3,279,599 | 3,863,001 | 4,719,472 | 7,389,113 | 3,007,038 | 3,480,750 |
| Total assets | 35,339,680 | 36,596,660 | 22,918,185 | 22,677,589 | 23,552,740 | 23,886,387 | 18,180,674 | 18,305,748 |
| Total long-term liabilities | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Results of Operations**

*Three Months Ended May 31, 2018 Compared to Three Months Ended May 31, 2017*

During the three months ended May 31, 2018 ("Q4/2018") the Company reported a net loss of $706,262 compared to a net loss of $459,129 for the three months ended May 31, 2017 ("Q4/2017"), an increase in loss of $247,133. The increase in loss was primarily attributed to:

(i) the recognition of a foreign exchange loss of $44,802 in Q4/2018 compared to a foreign exchange gain of $58,831 in Q4/2017 due to the fluctuation of the exchange rates; and

(ii) an increase in rent from $24,935 in Q4/2017 to $89,868 in Q4/2018 due to the rental of a new combined office and storage facility in Finland.

*Year Ended May 31, 2017 Compared to Year Ended May 31, 2016*

During fiscal 2018 the Company reported a net loss of $2,441,300, a decrease of $610,794 from the net loss of $3,052,094 for fiscal 2017. The primary factor for the decrease is the recognition of a realized loss on sale of investment of $575,000 in fiscal 2017.

Significant variances in general and administrative expenses and other items are noted below.

(i) the recognition of share-based compensation from stock option grants of $886,800 in fiscal 2017 compared to $84,000 in fiscal 2018;
(ii) corporate advisory fees of $519,400 during fiscal 2018 compared to $nil in fiscal $2017. During fiscal 2018 the Company engaged several consultants for financial advisory services;
(iii) the sale of 3,500,000 common shares of Hansa Resources Limited in fiscal 2017 for proceeds of $140,000 resulting in a realized loss on sale of investment of $575,000. No shares were sold in fiscal 2018.
(iv) incurred corporate development expenses of $133,030 in fiscal 2018 compared to $68,399 in fiscal 2017. During fiscal 2018 the Company attended the New York investment conference in addition to ongoing conferences and costs incurred for marketing campaigns;
(v) general exploration expenses decreased by $91,483, from $152,146 in fiscal 2017 to $60,663 in fiscal 2018. During fiscal 2017 the Company conducted due diligence on identifying and reviewing new prospective properties;
(vi) rent expense for office premises in Canada and Finland of $156,936 was incurred in fiscal 2018 compared to $79,679 in fiscal 2017. The increase in rent reflects rental of a new facility for combined office and storage of drill core and samples in Finland that commenced during the third quarter of fiscal 2017; and
(vii) foreign exchange loss of $48,635 during fiscal 2018 compared to a foreign exchange gain of $40,971 during fiscal 2017 due to the fluctuation of the exchange rates.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During fiscal 2018 the Company reported interest income of $113,178 compared to $47,498 during fiscal 2017.

***Financings***

During fiscal 2018 the Company completed private placement financings of:

(i) 15,023,285 units of the Company for gross proceeds of $5,258,150 with each unit consisting of one common share and one-half share purchase warrant; and
(ii) 19,000,000 units of the Company for gross proceeds of $8,550,000 with each unit consisting of one common share and one-half share purchase warrant.

The Company paid finder's fees of $185,046 cash, $256,868 for legal and filing costs associated with the private placements and recorded a further $63,444 for the ascribed value of the compensation options and finder's warrants.

The Company also issued a total of 2,260,445 common shares for proceeds of $670,134 on the exercise of warrants, finder's warrants and share options.

The net proceeds from these financings and the exercises of warrants and share options will be used for exploration on the Company's exploration properties and for working capital and general corporate purposes.

During fiscal 2017 the Company completed a private placement financing of 15,000,000 units of the Company for gross proceeds of $6,000,000 with each unit consisting of one common share and one-half share purchase warrant. The net proceeds from the financing were used to drill at the Company's Rompas-Rajapalot Project and for general working capital purposes.

**Exploration and Evaluation Assets**

| | As at May 31, 2018 | | | As at May 31 2017 | | |
|---|---|---|---|---|---|---|
| | Acquisition Costs $ | Deferred Exploration Costs $ | Total $ | Acquisition Costs $ | Deferred Exploration Costs $ | Total $ |
| Finland | 2,532,014 | 20,291,910 | 22,823,924 | 2,297,575 | 15,615,769 | 17,913,344 |
| Other | 231,733 | 275,552 | 507,285 | 7,548 | 741 | 8,289 |
| | 2,763,747 | 20,567,462 | 23,331,209 | 2,305,123 | 15,616,510 | 17,921,633 |

During fiscal 2018 period the Company incurred a total of $5,417,865 (2017 - $3,826,916) on the acquisition, exploration and evaluation of its unproven resource assets of which $4,910,580 (2017 - $3,826,916) was incurred on its Finnish properties and $507,285 (2017 - $nil) on its other properties. During fiscal 2018 the Company surrendered its remaining exploration claims in Sweden and recorded an impairment charge of $8,289 in exploration and evaluation assets. Exploration activities were focused on the drilling at the Rajapalot project area, details of which are described in "Exploration Projects" in this MD&A.

**Financial Condition / Capital Resources**

As at May 31, 2018 the Company had working capital of $11,008,224. The Company believes that it has sufficient financial resources to conduct ongoing exploration activities and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. The Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Proposed Transactions**

There are no proposed transactions.

**Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. A detailed summary of all the Company's significant critical accounting estimates is included in Note 3 to the May 31, 2018 and 2017 annual consolidated financial statements.

**Changes in Accounting Policies**

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies and new accounting standards and interpretations issued, but not yet effective, is included in Note 3 to the March 31, 2018 and 2017 annual consolidated financial statements.

**Related Parties 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. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

(a) During fiscal 2018 and 2017 the following compensation was incurred:

| | 2018 $ | 2017 $ |
|---|---|---|
| Management fees - Mr. Hudson - Chairman, CEO and director | 144,000 | 165,000 |
| Professional fees - Mr. Cook - President | 199,292 | 188,389 |
| Professional fees - Mr. DeMare - CFO and director | 24,000 | 24,000 |
| Professional fees - Mr. Henstridge - director | 18,000 | 18,000 |
| Professional fees - Mr. Saxon - director | 18,000 | 18,000 |
| Professional fees - Mr. Maclean - director | 18,000 | 18,000 |
| Professional fees - Mr. Williams - director[(1)] | 28,750 | - |
| Professional fees and salaries - Ms. Bermudez - Corporate Secretary[(2)] | 25,200 | 84,684 |
| Salaries - Ms. Ahola - director[(3)] | 119,354 | 80,675 |
| | 594,596 | 596,748 |
| Share-based compensation - Mr. Hudson | - | 190,000 |
| Share-based compensation - Mr. DeMare | - | 76,000 |
| Share-based compensation - Mr. Cook | - | 76,000 |
| Share-based compensation - Mr. Williams | 84,000 | - |
| Share-based compensation - Ms. Bermudez | - | 38,000 |
| Share-based compensation - Mr. Henstridge | - | 76,000 |
| Share-based compensation - Mr. Saxon | - | 76,000 |
| Share-based compensation - Mr. Maclean | - | 76,000 |
| Share-based compensation - Ms. Ahola | - | 76,000 |
| | 84,000 | 684,000 |
| | 678,596 | 1,280,748 |

(1) Appointed director on June 14, 2017 and member of the Advisory committee.
(2) Since June 1, 2017 Ms. Bermudez's compensation was paid to a private corporation owned by Ms. Bermudez. Prior thereto the Company paid Ms. Bermudez as an employee of the Company.
(3) Appointed director on September 14, 2016 and member of the Environmental Health and Safety committee.

During fiscal 2018 the Company allocated the $594,596 (2017 - $596,748) professional fees and salaries based on the nature of the services provided: expensed $321,931 (2017 - $268,948) to directors and officers compensation; capitalized $272,665 (2017 - $254,488) to exploration and evaluation assets and recovered $nil (2017 - $73,312) for shared office personnel from public companies with common directors and officers. As at May 31, 2018 $38,294 (2017 - $40,967) remained unpaid.

The Company has a management agreement with Mr. Hudson, its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at $12,000 per month, is payable. If the termination had occurred on May 31, 2018, the amount payable under the agreement would be $360,000.

(b) During fiscal 2018 the Company incurred a total of $51,900 (2017 - $46,200) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and $4,020 (2017 - $4,020) for rent. As at May 31, 2018, $4,570 (2017 - $3,670) remained unpaid

During fiscal 2017 the Company also recorded $19,000 for share-based compensation for share options granted to Chase.

(c) During fiscal 2018 certain directors and officers of the Company purchased 425,000 units of the non-brokered private placement of 15,023,285 units at $0.35 per unit. Individual participation was as follows: D Henstridge - 200,000 units; M. Hudson - 75,000 units; P. Williams - 75,000 units; and M. Saxon - 75,000 units.

**Risks and Uncertainties**

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

The Company believes that it is in compliance in all material regulations applicable to its exploration activities. The Company is dealing with certain Finnish environmental authorities in regards to certain issues on the Rompas property. See also "Exploration Projects - Finland - Environment and Permitting". Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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

Additional risks and uncertainties relating to the Company and its business can be found in the "Risk Factors" section of the Company's most recent Annual Information Form available at www.sedar.com or the Company's website at www.mawsonresources.com.

**Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at August 27, 2018 there were 141,591,593 issued and outstanding common shares. In addition, there were 5,070,000 share options outstanding, at exercise prices ranging from $0.35 to $0.39 per share and 25,286,635 warrants outstanding at exercise prices ranging from $0.44 to $0.65 per share.

**Disclosure Controls and Procedures**

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* ("52-109"), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. Management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures.

**Internal Control over Financial Reporting**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial

statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2018.

**Changes in Internal Control over Financial Reporting**

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the fiscal year beginning on June 1, 2017 and ending on May 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.