MAWSON RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2009 AND 2008

AUDITORS' REPORT

To the Shareholders of
Mawson Resources Limited

We have audited the consolidated balance sheets of Mawson Resources Limited as at May 31, 2009 and 2008 and the consolidated statements of loss and comprehensive loss and deficit and accumulated other comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"D&H Group LLP"

Vancouver, B.C.
August 17, 2009

Chartered Accountants

D+H Group LLP Chartered Accountants
10th Floor, 1333 West Broadway
Vancouver, British Columbia
Canada V6H 4C1
Telephone: 604 731 5881
Facsimile: 604 731 9923
Email: info@dhgroup.ca
www.DHgroup.ca
A B.C. Limited Liability Partnership of Corporations

MAWSON RESOURCES LIMITED

CONSOLIDATED BALANCE SHEETS

AS AT MAY 31

	2009 $	2008 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	11,532,301	12,321,736
Amounts receivable	121,460	382,567
Prepaid expenses	18,692	29,488
Unproven mineral interests held for sale (Note 4(b))	-	1,630,000
	11,672,453	14,363,791
INVESTMENTS (Note 3)	1,312,389	-
CAPITAL ASSETS, net of accumulated depreciation $129,873 (2008 - $60,847)	191,497	253,130
UNPROVEN MINERAL INTERESTS (Note 4)	5,265,296	4,539,081
	18,441,635	19,156,002
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	245,984	473,396
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 5)	23,390,751	22,644,773
CONTRIBUTED SURPLUS (Note 7)	3,550,917	3,223,392
DEFICIT	(8,377,089)	(7,185,559)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(368,928)	-
	18,195,651	18,682,606
	18,441,635	19,156,002

SUBSEQUENT EVENT (Note 14)

APPROVED BY THE DIRECTORS

"Michael Hudson" , Director

"Nick DeMare" , Director

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED MAY 31

	2009 $	2008 $
EXPENSES		
Accounting and administrative	33,330	27,200
Audit	44,254	28,752
Corporate development	13,570	24,348
Depreciation	69,026	50,202
Due diligence	-	199,579
General exploration	353,746	345,379
Investor relations	63,000	62,000
Legal	23,350	82,569
Management fees	148,933	145,585
Office and sundry	23,442	30,355
Professional fees	108,815	144,078
Regulatory fees	22,150	89,099
Rent	28,008	-
Shareholder costs	11,585	31,752
Stock-based compensation (Note 6)	327,525	176,900
Transfer agent	7,025	9,332
Travel	94,604	164,863
	1,372,363	1,611,993
LOSS BEFORE THE FOLLOWING	(1,372,363)	(1,611,993)
OTHER ITEMS		
Unrealized gain on held-for-trading investments (Note 3)	156,000	-
Interest and other income	246,755	603,479
Foreign exchange	(70,886)	70,810
Write-down of unproven mineral interests (Note 4)	(151,036)	(1,117,794)
	180,833	(443,505)
NET LOSS FOR THE YEAR	(1,191,530)	(2,055,498)
OTHER COMPREHENSIVE LOSS	(368,928)	-
COMPREHENSIVE LOSS FOR THE YEAR	(1,560,458)	(2,055,498)
LOSS PER SHARE - BASIC AND DILUTED	$(0.03)	$(0.06)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	36,603,295	36,375,695

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF DEFICIT AND
ACCUMULATED OTHER COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31

	2009 $	2008 $
DEFICIT - BEGINNING OF YEAR	(7,185,559)	(5,130,061)
NET LOSS FOR THE YEAR	(1,191,530)	(2,055,498)
DEFICIT - END OF YEAR	(8,377,089)	(7,185,559)
ACCUMULATED OTHER COMPREHENSIVE LOSS - BEGINNING OF YEAR	-	-
UNREALIZED LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	(368,928)	-
ACCUMULATED OTHER COMPREHENSIVE LOSS - END OF YEAR	(368,928)	-

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31

	2009 $	2008 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(1,191,530)	(2,055,498)
Adjustment for items not involving cash		
Depreciation	69,026	50,202
Stock-based compensation	327,525	176,900
Write-down of unproven mineral interests	151,036	1,117,794
Unrealized gain on held-for-trading investments	(156,000)	-
	(799,943)	(710,602)
Decrease (increase) in amounts receivable	261,107	(126,136)
Decrease (increase) in prepaid expenses and deposits	10,796	(13,930)
(Decrease) increase in accounts payable and accrued liabilities	(46,500)	15,520
	(574,540)	(835,148)
INVESTING ACTIVITIES		
Expenditures on unproven mineral interests	(1,108,480)	(3,205,870)
Purchase of capital assets	(7,393)	(175,599)
Proceeds on disposition of unproven mineral interests held for sale	250,000	-
Investments	(95,000)	-
	(960,873)	(3,381,469)
FINANCING ACTIVITIES		
Issuance of common shares	750,000	180,938
Share issue costs	(4,022)	-
	745,978	180,938
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(789,435)	(4,035,679)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	12,321,736	16,357,415
CASH AND CASH EQUIVALENTS- END OF YEAR	11,532,301	12,321,736
CASH AND CASH EQUIVALENTS COMPRISES:		
Cash	984,331	239,823
Short-term deposits	10,547,970	12,081,913
	11,532,301	12,321,736

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

The accompanying notes and schedule are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests and is considered a development stage company as defined by Accounting Guideline No. 11 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. As at May 31, 2009, the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as unproven mineral interests represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs for the 2010 fiscal year. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the accounts of the Company and its wholly-owned Swedish subsidiaries, Mawson Sweden AB and Mawson Energi AB. Intercompany balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of management estimates relate to the assessment of recoverability and impairment of amounts capitalized as unproven mineral interests, determination of environmental obligations, depreciation of capital assets, determination of the fair value of stock options and financial instruments, and the estimation of future income tax asset valuation allowances. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and money market instruments with terms to maturity not exceeding 90 days at date of acquisition. The Company is not exposed to significant credit or interest rate risk although cash and cash equivalents are held in excess of federally insured limits with major financial institutions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unproven Mineral Interests

Acquisition and exploration costs directly relating to unproven mineral interests are deferred until the mineral interests to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred unproven mineral interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to verify title to mineral interests in which it has an interest, according to the usual industry standards for the stage of exploration of such interests, these procedures do not guarantee the Company's title. Such interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral interests costs or recoveries when the payments are made or received.

Capital Assets

Capital assets, which are comprised of a vehicle, computers, equipment and tools, are recorded at cost less accumulated depreciation calculated using the straight-line method over its estimated useful lives of between three to five years.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at May 31, 2009, the Company has determined that it does not have any material asset retirement obligations.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense over the period earned, with offsetting amounts recognized as contributed surplus.

Translation of Foreign Currencies

Integrated foreign operations are translated using the temporal method. Under this method, the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

Income Taxes

Future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants or share option arrangements would be anti-dilutive.

Financial Instruments

Under Section 3251, *Equity* and Section 3855, *Financial Instruments - Recognition and Measurement,* all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

balance sheet. Loans and receivables, held- to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing will be expensed in the period incurred.

The Company has designated its cash and cash equivalents and warrants held as held-for-trading, and its investments in common shares as available-for-sale, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Comprehensive Income

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Adoption of New Accounting Standards

Effective June 1, 2008, the Company adopted the following new accounting policies on a prospective basis without restatement of prior period.

Assessing Going Concern

The Accounting Standards Board ("AcSB") amended Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of this standard did not have an impact on the Company's financial statements for fiscal 2009.

Financial Instruments

Section 3862, *Financial Instruments - Disclosures*, requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863, *Financial Instruments - Presentation*, and Section 3865, *Hedges*. Disclosure requirements pertaining to Section 3862 are contained in Note 11.

Section 3863, *Financial Instruments - Presentation*, is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. Adoption of Section 3863 had no impact on the Company's presentation of financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Disclosures

Section 1535, *Capital Disclosures*, which establishes standards for disclosing information about an entity's capital and how it is managed. Disclosure requirements pertaining to Section 1535 are contained in Note 12.

New Accounting Pronouncements

Goodwill and Intangible Assets

The Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company does not anticipate the above new accounting standards to have a material impact on the Company's financial position and results of operations under current operating conditions but could have an impact on the future accounting treatment of expenditures on mineral property development once mineral reserves have been proved or an operating permit received and financing for development obtained.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS lAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

International Financial Reporting Standards

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. INVESTMENTS

	2009			
	Cost $	Comprehensive Gain (Loss) on Available-for-Sale Investment $	Gain (Loss) on Held-for-Trading Investment $	Carrying Value $
Available-for-sale investments				
Common shares				
Hodges Resources Ltd. ("Hodges")	50,317	37,072	-	87,389
Hansa Resources Limited ("Hansa")	1,430,000	(415,000)	-	1,015,000
Tumi Resources Limited ("Tumi")	45,000	9,000	-	54,000
Held-for-trading investments				
Warrants				
Hansa	-	-	120,000	120,000
Tumi	-	-	36,000	36,000
	1,525,317	(368,928)	156,000	1,312,389

(a) During fiscal 2009 the Company received 1,000,000 common shares of Hodges, at a fair value of $50,317,from the disposition of certain of its unproven mineral interests, as described in Note 4(a). As at May 31, 2009, the quoted market value of the Hodges shares was $87,389.

(b) The investment in Hansa comprises:

(i) 6,000,000 common shares received, at a fair value of $1,380,000, as partial consideration on the Company's disposition of certain of its unproven mineral interests, as described in Note 4(b); and

(ii) the purchase of 1,000,000 units at a cost of $50,000. Each unit comprised one common share and one share purchase warrant. One warrant entitles the Company to purchase an additional common share at an exercise price of $0.10 expiring April 1, 2011. At the time of the purchase the Company had assigned $50,000 fair value to the common shares and $nil fair value to the warrants.

3. INVESTMENTS (continued)

As at May 31, 2009, the quoted market value of the 7,000,000 common shares of Hansa was $1,015,000.

As at May 31, 2009, the fair value of the Hansa warrants was determined to be $120,000, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 189%; a risk-free interest rate of 0.94%; and an expected life of twenty-two months.

On April 24, 2009, the Company entered into an agreement whereby it granted an option to an individual unrelated to the Company to purchase up to 811,963 common shares of Hansa, at $0.10 per share on or before April 24, 2012. The optionee may purchase up to 405,982 common shares only if Hansa's common shares close on the TSX Venture Exchange at an average price of $0.25 over a ten day period and the remaining 405,981 common shares if the shares close at an average price of $0.35 over a ten day period.

(c) During fiscal 2009 the Company purchased 300,000 units of Tumi at a cost of $45,000. Each unit comprised one common share and one share purchase warrant. One warrant entitles the Company to purchase an additional common share at an exercise price of $0.20 expiring March 25, 2010, and, thereafter, at $0.25 expiring March 25, 2011. The Company may be forced to exercise the warrants if the common shares trade on a weighted average price of $0.40 per common share for a period of 20 consecutive trading days. At the time of purchase the Company assigned $45,000 fair value to the common shares and $nil fair value to the warrants.

As at May 31, 2009, the quoted market value of the common shares of Tumi was $54,000.

As at May 31, 2009, the fair value of the Tumi warrants was determined to be $36,000, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 155%; a risk-free interest rate of 0.94%; and an expected life of twenty-two months.

4. UNPROVEN MINERAL INTERESTS

	2009			2008		
	Acquisition Costs $	**Exploration Expenditures $**	**Total $**	**Acquisition Costs $**	**Exploration Expenditures $**	**Total $**
Uranium Properties (a)						
Sweden	171,835	3,559,694	3,731,529	164,377	3,012,876	3,177,253
Finland	11,429	67,499	78,928	1,781	67,499	69,280
Spain	92,245	1,221,280	1,313,525	261,300	901,150	1,162,450
Other Properties (b)						
Sweden	15,519	125,795	141,314	4,303	125,795	130,098
	291,028	4,974,268	5,265,296	431,761	4,107,320	4,539,081

4. UNPROVEN MINERAL INTERESTS (continued)

(a) Uranium Properties

Sweden

As at May 31, 2009, the Company maintains a total of 27 uranium exploration permits, covering approximately 25,624 hectares, in northern Sweden.

On February 21, 2007, the Company entered into an agreement with Widerange Corporation Pty Ltd. ("Widerange"), whereby the Company granted Widerange an option to earn an initial 51% interest on eight of the 37 exploration permits, under which the Company received payment of US $50,000 and Widerange agreed to incur a total of US $1 million over a four year period. Widerange subsequently assigned its option interest to Hodges and, on April 22, 2007, as amended on October 3, 2008, the Company and Hodges entered into an option and joint venture agreement whereby Hodges issued 1,000,000 common shares of its share capital to the Company, at a fair value of $50,317, and may earn the initial 51% interest by incurring, or paying directly to the Company, a minimum US $100,000 in year one (incurred)**,** US $100,000 in year two (incurred), US $150,000 in year three and US $200,000 in year four. Upon earning the 51% interest, Hodges could then increase its interest to 75% by funding a bankable feasibility study.

Finland

As at May 31, 2009, the Company holds six claim applications, covering approximately 477 hectares, in various areas of Finland.

Spain

As at May 31, 2009, the Company holds two exploration permits, covering approximately 17,837 hectares, and has submitted one investigation permit application for 8,889 hectares.

During fiscal 2009 the Company relinquished certain permits and accordingly wrote-off $151,036 in acquisition costs.

(b) Other Properties

As at May 31, 2009, the Company holds six exploration permits in northern Sweden, covering approximately 2,281 hectares.

On August 1, 2007, the Company entered into an agreement with Hansa whereby the Company agreed to sell all of its gold exploration permits and 11 of its base metals exploration permits, including the eight exploration claims covered by a previous option agreement with Hansa (collectively the "Hansa Properties") for $250,000 cash and 6,000,000 common shares of Hansa with a fair value of $1,380,000 (collectively the "Hansa Consideration"). A formal agreement was signed on April 10, 2008.

On July 25, 2008, the Company and Hansa completed the sale of the Hansa Properties and the Company received the Hansa Consideration. As at May 31, 2008, the Company had reclassified the Hansa Properties as "Unproven Mineral Interests Held for Sale" and recorded a write-down of $1,117,794 in fiscal 2009 to reflect the estimated fair value of the Hansa Properties.

5. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:

	2009		2008	
	Shares	Amount $	Shares	Amount $
Balance, beginning of year	36,500,555	22,644,773	36,158,680	22,428,835
Issued during the year				
For cash				
- private placement	1,500,000	750,000	-	-
- exercise of warrants	-	-	241,875	120,938
- exercise of options	-	-	100,000	60,000
Reallocation from contributed surplus on exercise of options	-	-	-	35,000
	1,500,000	750,000	341,875	215,938
Less share issue costs	-	(4,022)	-	-
	1,500,000	745,978	341,875	215,938
Balance, end of year	38,000,555	23,390,751	36,500,555	22,644,773

(a) During fiscal 2009 the Company completed a non-brokered private placement financing of 1,500,000 units at $0.50 per unit for gross proceeds of $750,000. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at an exercise price of $0.75 on or before May 6, 2011. The Company incurred share issue costs of $4,022 related to this financing.

(b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2009 and 2008, and the changes for the years ending on those dates is as follows:

	2009		2008	
	Warrants Outstanding	Weighted Average Exercise Price $	Warrants Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	2,299,999	2.59	5,765,067	1.89
Issued	750,000	0.75	-	-
Expired	(2,299,999)	2.59	(3,223,193)	1.50
Exercised	-	-	(241,875)	0.50
Balance, end of year	750,000	0.75	2,299,999	2.59

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts.

During fiscal 2009 the Company granted 980,000 (2008 - 165,000) stock options to the Company's directors, employees and consultants and recorded compensation expense of $321,750 (2008 - $85,000). In addition, the Company recorded compensation expense of $5,775 (2008 - $91,900) on stock options vested.

The fair value of stock options is estimated using the Black-Scholes option pricing model with the following assumptions used for the granting or vesting during fiscal 2009 and 2008:

	2009	2008
Risk-free interest rate	1.33% - 1.81%	2.64% - 4.62%
Estimated volatility	91% - 134%	88% - 97%
Expected life	2 years - 3 years	2 years - 3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all stock options granted during fiscal 2009 was $0.34 (2008 - $0.52) per share. Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

A summary of the Company's stock options at May 31, 2009 and 2008, and the changes for the years ending on those dates, is presented below:

	2009		2008	
	Options Outstanding	Weighted Average Exercise Price $	Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	3,613,250	1.40	3,548,250	1.38
Granted	980,000	0.49	165,000	1.35
Expired	(1,070,000)	1.06	-	-
Exercised	-	-	(100,000)	0.60
Balance, end of year	3,523,250	1.25	3,613,250	1.40

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The following table summarizes information about the stock options outstanding and exercisable at May 31, 2009:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
550,000	550,000	0.80	June 22, 2009
50,000	50,000	0.88	July 12, 2009
163,250	163,250	0.40	July 15, 2009
65,000	65,000	1.15	December 2, 2009
225,000	225,000	1.30	December 15, 2009
1,350,000	1,350,000	2.10	April 16, 2010
40,000	40,000	1.50	November 6, 2010
100,000	100,000	1.25	January 11, 2011
50,000	50,000	0.22	December 11, 2011
930,000	895,000	0.50	May 19, 2012
3,523,250	3,488,250		

See also Note 14.

7. CONTRIBUTED SURPLUS

The Company's contributed surplus at May 31, 2009 and 2008, and the changes for the years ending on those dates is presented below:

	2009 $	2008 $
Balance, beginning of year	3,223,392	3,081,492
Stock-based compensation on stock options (Note 6)	327,525	176,900
Stock options exercised	-	(35,000)
Balance, end of year	3,550,917	3,223,392

8. RELATED PARTY TRANSACTIONS

During fiscal 2009 the Company:

i) incurred $134,130 (2008 - $96,600) for accounting, administration, professional fees and rent provided by certain directors of the Company or private corporations owned by the directors;

ii) incurred $264,000 (2008 - $258,000) for management fees provided by a private corporation owned by officers of the Company, of which $115,067 (2008 - $112,415) was capitalized to unproven mineral interests and $148,933 (2008 - $145,585) charged to management fees. The management agreement provides that in the event services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at $22,000 per month, is payable. If the termination had incurred on May 31, 2009, the amount payable under the agreement would be $528,000;

iii) incurred $14,500 (2008 - $12,000) for shared administration and other costs with Tumi Resources Limited ("Tumi"), a public company with common directors and officer; and

8. RELATED PARTY TRANSACTIONS (continued)

iv) billed $154,455 (2008 - $50,721) for shared office personnel to public companies with common directors.

As at May 31, 2009, $35,000 (2008 - $nil) was included in amounts receivable and $44,250 (2008 - $21,400) was included in accounts payable and accrued liabilities for amounts due from/to the related parties.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

Future income tax assets and liabilities of the Company as at May 31, 2009 and 2008, are as follows:

	2009 $	2008 $
Future income tax assets		
Losses carried forward	1,151,600	999,300
Temporary difference on held-for-trading investments	(39,000)	-
Other	109,900	224,000
	1,222,500	1,223,300
Valuation allowance	(1,222,500)	(1,223,300)
Net future income tax asset	-	-

The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2009 $	2008 $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	30.38%	33.03%
Expected income tax recovery	362,000	678,900
Effect of income tax rate changes	(81,900)	-
Foreign income tax rate differences	(16,100)	(18,900)
Non-deductible stock-based compensation	(99,500)	(58,400)
Unrealized gain on held-for-trading investments	47,400	
Other	94,200	103,100
Unrecognized benefit of income tax losses	(306,100)	(704,700)
Actual income tax recovery	-	-

As at May 31, 2009, the Company has non-capital losses of approximately $3,085,000 and accumulated pools of approximately $329,000 for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2014 through 2029. The Company's subsidiaries in Sweden have losses for income tax purposes of approximately $1,358,000 (SEK 9,416,000) which may be carried forward indefinitely.

Other comprehensive loss includes a tax benefit of approximately $56,000 on the available-for-sale investments which has been fully provided for with an offsetting allowance.

10. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities in Europe. The Company is in the exploration stage and accordingly, has no reportable segment revenues or operating results.

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

	2009				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Spain $	Finland $	$
Current assets	11,134,459	537,994	-	-	11,672,453
Investments	1,312,389	-	-	-	1,312,389
Capital assets	16,022	175,475	-	-	191,497
Unproven mineral interests	-	3,872,843	1,313,525	78,928	5,265,296
	12,462,870	4,586,132	1,313,525	78,928	18,441,635

	2008				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Spain $	Finland $	$
Current assets	12,199,125	2,164,666	-	-	14,363,791
Capital assets	13,688	239,442	-	-	253,130
Unproven mineral interests	-	3,307,351	1,162,450	69,280	4,539,081
	12,212,813	5,711,459	1,162,450	69,280	19,156,002

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

The carrying value of the common shares in investments approximates the fair value based on quoted prices. The carrying value of the warrants in investments approximates the fair value based on the Black-Scholes option pricing model.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Company prepares expenditure budgets which are regularly monitored and updated as considered necessary. To facilitate its exploration program and ongoing corporate, general and administrative overhead, the Company raises funds through private equity placements, public offerings and option agreements with third parties. As at May 31, 2009, the Company's financial liabilities consist of accounts payable and the accrued liabilities.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has significant cash balances. From time to time, the Company invests its excess cash in money market instruments issued by major financial institutions. The term of such instruments does not exceed 90 days and as such the interest rate risk is immaterial.

Foreign Currency Exchange Rate Risk

Foreign currency rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars and Swedish Kronors ("SEK"). The Company maintains SEK bank accounts in Sweden to support the cash needs of its foreign operations. The Company's investment in the common shares of Hodges are held in Australian dollars. Management believes the foreign exchange risk related to currency conversions are minimal and therefore does not hedge its foreign exchange risk.

At May 31, 2009, 1 Canadian dollar was equal to 6.93 SEK.

Balances are as follows:

	Swedish Kronors	CDN $ Equivalent
Cash and cash equivalents	2,929,142	422,652
Amounts receivable	753,096	108,666
Prepaid expenses	46,284	6,678
Accounts payable and accrued liabilities	(1,055,642)	(152,321)
	2,672,880	385,675

Based on the net exposures as of May 31, 2009, and assuming that all other variables remain constant, a 1% fluctuation on the Canadian dollar against the SEK would result in the Company's net loss to be $3,957 higher (or lower).

12. CAPITAL MANAGEMENT

The Company's objective when managing capital, defined as equity, is to safeguard the entity's ability to continue as a going concern, so that it can continue to acquire and explore mineral interests. The Company funds all administration and exploration programs from the issue of shares, generally through private placements. The Company prepares a budget for seasonal exploration programs and initiates equity offerings to ensure sufficient funds for each season's programs. If the Company is unsuccessful in raising sufficient capital, exploration programs are extended, delayed or cancelled. In order to conserve cash, the Company may issue shares to pay for properties or compensate directors, employees and contractors through stock options.

Any cash raised that is surplus to immediate requirements is invested in low-risk liquid instruments which may include bankers' acceptances or guaranteed investment certificates.

The Company is not subject to any externally imposed capital requirements.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During fiscal 2009 and 2008 non-cash activities were conducted by the Company as follows:

	2009 $	2008 $
Operating activity		
Increase in accounts payable and accrued liabilities	111,057	291,969
Investing activities		
Expenditures on unproven mineral interests	(111,057)	(291,969)
Disposition of unproven mineral interests	(1,430,317)	-
Investments	1,430,317	-
	(111,057)	(291,969)
Financing activities		
Common shares issued on options	-	35,000
Contributed surplus	-	(35,000)
	-	-

Other supplemental cash flow information:

	2009 $	2008 $
Interest paid in cash	-	-
Income taxes paid in cash	-	-

14. SUBSEQUENT EVENT

Subsequent to May 31, 2009, stock options to acquire 763,250 common shares of the Company, at exercise prices between $0.40 and $0.85 per share, expired without exercise.

Schedule I

MAWSON RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF UNPROVEN MINERAL INTERESTS
FOR THE YEARS ENDED MAY 31, 2009 AND 2008

	2009					2008
	Sweden		Spain	Finland		
	Uranium Projects	Other Projects	Uranium Projects	Uranium Projects	Total	Total
	$	$	$	$	$	$
BALANCE - BEGINNING OF YEAR	3,177,253	130,098	1,162,450	69,280	4,539,081	3,910,171
EXPENDITURES						
Camp costs	-	-	-	-	-	41,109
Consulting	16,739	-	332,625	-	349,364	683,598
Database	1,655	-	224	-	1,879	16,281
Drilling	50,403	-	-	-	50,403	1,104,986
Equipment rental	11,066	-	-	-	11,066	33,977
Exploration site	52,924	-	2,672	220	55,816	140,095
Fuel	16,027	-	4,425	2,457	22,909	33,094
Geochemical	23,112	-	-	-	23,112	119,875
Geological	250,884	-	23,225	5,334	279,443	373,691
Maps	4,035	-	1,709	-	5,744	14,266
Repairs and maintenance	2,836	-	-	-	2,836	-
Salaries	133,985	-	-	-	133,985	194,768
Site preparation	-	-	-	-	-	53,421
Supplies	-	-	-	-	-	4,815
Travel	25,306	-	11,270	-	36,576	135,873
Vehicle rental	19,675	-	-	1,637	21,312	23,800
Recoveries	(61,829)	-	-	-	(61,829)	-
	546,818	-	376,150	9,648	932,616	2,973,649
ACQUISITION COSTS						
Acquisition	-	-	-	-	-	250,000
Permits	57,775	11,216	-	-	68,991	153,056
Recoveries	(50,317)	-	(74,039)	-	(124,356)	-
	7,458	11,216	(74,039)	-	(55,365)	403,056
INCURRED DURING THE YEAR	554,276	11,216	302,111	9,648	877,251	3,376,705
BALANCE BEFORE THE FOLLOWING	3,731,529	141,314	1,464,561	78,928	5,416,332	7,286,876
WRITE-OFF	-	-	(151,036)	-	(151,036)	(1,117,795)
RECLASSIFICATION	-	-	-	-	-	(1,630,000)
BALANCE - END OF YEAR	3,731,529	141,314	1,313,525	78,928	5,265,296	4,539,081