MAWSON RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
AUGUST 31, 2010

(Unaudited **-** *Prepared by Management)*

MANAGEMENT'S COMMENTS ON UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Mawson Resources Limited for the three months ended August 31, 2010, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

MAWSON RESOURCES LIMITED

CONSOLIDATED BALANCE SHEETS

(Unaudited - Prepared by Management)

	August 31, 2010 $	May 31, 2010 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	3,853,832	7,532,677
Short-term deposits (Note 3)	4,862,423	2,000,000
Amounts receivable	69,501	128,106
Prepaid expenses	28,703	20,907
	8,814,459	9,681,690
INVESTMENTS (Note 4)	520,830	663,544
CAPITAL ASSETS, net of accumulated depreciation $165,284 (May 31, 2010 - $184,887)	111,622	140,921
UNPROVEN MINERAL INTERESTS (Note 5)	6,315,842	5,653,454
	15,762,753	16,139,609
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	248,500	211,740
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 6)	24,718,992	24,718,992
CONTRIBUTED SURPLUS (Note 8)	3,686,406	3,686,406
DEFICIT	(11,875,758)	(11,579,756)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,015,387)	(897,773)
	15,514,253	15,927,869
	15,762,753	16,139,609

SUBSEQUENT EVENTS (Note 14)

APPROVED BY THE DIRECTORS

"Michael Hudson" , Director

"Nick DeMare" , Director

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

MAWSON RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF
LOSS AND COMPREHENSIVE LOSS
(Unaudited - Prepared by Management)

	Three Months Ended August 31, 2010 $	Three Months Ended August 31, 2009 $
EXPENSES		
Accounting and administrative	11,500	10,800
Audit	-	8,814
Corporate development	7,283	1,753
Depreciation	11,192	14,001
General exploration	109,711	19,708
Investor relations	10,500	15,000
Legal	363	243
Management fees	48,750	44,501
Office and sundry	5,654	8,340
Professional fees	67,434	40,600
Regulatory fees	8,108	3,381
Rent	4,800	4,277
Salaries and benefits	16,916	-
Shareholder costs	5,322	1,403
Stock-based compensation (Note 7)	-	2,188
Transfer agent	1,216	1,259
Travel	33,092	18,927
	341,841	195,195
LOSS BEFORE THE FOLLOWING	(341,841)	(195,195)
OTHER ITEMS		
Recovery of expenses (Note 9(iv))	40,624	-
Gain on sale of capital asset	6,873	-
Interest and other income	13,878	6,950
Foreign exchange	9,564	26,036
Unrealized loss on held-for-trading investments	(25,100)	(82,000)
Write-down of unproven mineral interests	-	(594,626)
	45,839	(643,640)
NET LOSS FOR THE PERIOD	(296,002)	(838,835)
OTHER COMPREHENSIVE LOSS	(117,614)	(582,199)
COMPREHENSIVE LOSS FOR THE PERIOD	(413,616)	(1,421,034)
LOSS PER SHARE - BASIC AND DILUTED	$(0.01)	$(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	42,697,253	38,000,555

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

MAWSON RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT AND

ACCUMULATED OTHER COMPREHENSIVE LOSS

(Unaudited - Prepared by Management)

	Three Months Ended August 31,	
	2010 $	2009 $
DEFICIT - BEGINNING OF PERIOD	(11,579,756)	(8,377,089)
NET LOSS FOR THE PERIOD	(262,002)	(838,835)
DEFICIT - END OF PERIOD	(11,875,758)	(9,215,924)
ACCUMULATED OTHER COMPREHENSIVE LOSS - BEGINNING OF PERIOD	(897,773)	(368,928)
UNREALIZED LOSS ON INVESTMENTS	(117,614)	(582,199)
ACCUMULATED OTHER COMPREHENSIVE LOSS - END OF PERIOD	(1,015,387)	(951,127)

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

MAWSON RESOURCES LIMITED

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended August 31, 2010 $	Three Months Ended August 31, 2009 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(296,002)	(838,835)
Adjustment for items not involving cash		
Depreciation	11,192	14,001
Stock-based compensation	-	2,188
Unrealized loss on held-for-trading investments	25,100	82,000
Gain on sale of capital asset	(6,873)	-
Write-down of unproven mineral interests	-	594,626
	(266,583)	(146,020)
Decrease in amounts receivable	58,605	53,315
Increase in prepaid expense	(7,796)	(8,694)
Decrease in accounts payable and accrued liabilities	(5,008)	(52,077)
	(220,782)	(153,476)
INVESTING ACTIVITIES		
Short-term deposits	(2,862,423)	-
Expenditures on unproven mineral interests	(620,620)	(246,807)
Proceeds on disposition of capital asset	24,980	-
Purchase of capital assets	-	(6,345)
	(3,458,063)	(253,152)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(3,678,845)	(406,628)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	7,532,677	11,532,301
CASH AND CASH EQUIVALENTS - END OF PERIOD	3,853,832	11,125,673

CASH AND CASH EQUIVALENTS COMPRISE:		
Cash	386,640	595,752
Short-term deposits	3,467,192	10,529,921
	3,853,832	11,125,673

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

The accompanying notes and schedule are an integral part of these interim 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 August 31, 2010, 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 2011 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. See also Note 14(b).

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SHORT-TERM DEPOSITS

	August 31, 2010 $	**May 31, 2009 $**
Redeemable GIC due April 26, 2011 at cost plus accrued interest at 1.05% per annum	2,000,000	2,000,000
Redeemable GIC due June 16, 2011 at cost plus accrued interest at 0.95% per annum	2,862,423	-
	4,862,423	2,000,000

4. INVESTMENTS

	August 31, 2010				
	Number	**Cost $**	**Accumulated Compre-hensive Gain (Loss) on Available-for-Sale Investment $**	**Accumulated Gain on Held-for-Trading Investment $**	**Carrying Value $**
Available-for-sale investments					
Common shares					
Hodges Resources Ltd. (“Hodges”)	1,000,000	50,317	82,613	-	132,930
Hansa Resources Limited (“Hansa”)	7,000,000	1,430,000	(1,080,000)	-	350,000
Tumi Resources Limited (“Tumi”)	300,000	45,000	(18,000)	-	27,000
Held-for-trading investments					
Warrants					
Hansa	1,000,000	-	-	10,000	10,000
Tumi	300,000	-	-	900	900
		1,525,317	(1,015,387)	10,900	520,830

4. INVESTMENTS (continued)

	May 31, 2010				
	Number	**Cost $**	**Accumulated Comprehensive Gain (Loss) on Available-for-Sale Investment $**	**Accumulated Gain on Held-for-Trading Investment $**	**Carrying Value $**
Available-for-sale investments					
Common shares					
Hodges Resources Ltd. ("Hodges")	1,000,000	50,317	90,727	-	141,044
Hansa Resources Limited ("Hansa")	7,000,000	1,430,000	(975,000)	-	455,000
Tumi Resources Limited ("Tumi")	300,000	45,000	(13,500)	-	31,500
Held-for-trading investments					
Warrants					
Hansa	1,000,000	-	-	30,000	30,000
Tumi	300,000	-	-	6,000	6,000
		1,525,317	(897,773)	36,000	663,544

(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 5(a). As at August 31, 2010, the quoted market value of the 1,000,000 Hodges shares was $132,930 (2009 - $83,190).

(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; and

(ii) the purchase of 1,000,000 units of Hansa 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.

As at August 31, 2010, the quoted market value of the 7,000,000 common shares of Hansa was $350,000 (2009 - $455,000) and the fair value of the Hansa warrants was determined to be $10,000 (2009 - $50,000), estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 149%; a risk-free interest rate of 0.70%; and an expected life of 7 months.

(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.

4. INVESTMENTS (continued)

As at August 31, 2010, the quoted market value of the 300,000 common shares of Tumi was $27,000 (2009 - $36,000) and the fair value of the Tumi warrants was determined to be $900 (2009 - $24,000), estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 93%; a risk-free interest rate of 0.70%; and an expected life of 7 months.

5. UNPROVEN MINERAL INTERESTS

	August 31, 2010			May 31, 2010		
	Acquisition Costs $	Exploration Expenditures $	Total $	Acquisition Costs $	Exploration Expenditures $	Total $
Uranium Properties (a)						
Sweden	310,923	3,847,712	4,158,635	259,343	3,847,712	4,107,055
Finland	1,436,512	446,888	1,883,400	1,436,512	91,920	1,528,432
Other Properties (b)						
Sweden	4,607	2,584	7,191	4,607	2,584	7,191
Peru	137,680	128,936	266,616	10,776	-	10,776
	1,889,722	4,426,120	6,315,842	1,711,238	3,942,216	5,653,454

(a) Uranium Properties

Sweden

The Company and Hodges has 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 has agreed to incur, or pay directly to the Company, a minimum US $550,000 (US $350,000 incurred) to earn a 51% interest in eight exploration permits. Upon earning the 51% interest Hodges could then increase its interest to 75% by funding a bankable feasibility study.

As at August 31, 2010, the Company maintains a total of 30 uranium claims or claim applications in Sweden.

Finland

On April 30, 2010, the Company entered into a purchase and sale agreement with Areva Resources Finland OY ("Areva Finland"), whereby the Company paid $1,403,956 to purchase 170 claims or claim applications in Finland.

The Company also holds eight claims or claim applications in various areas of Finland.

5. UNPROVEN MINERAL INTERESTS (continued)

(b) Other Properties

(i) On January 4, 2010, the Company entered into an option agreement to acquire up to a 100% interest in three exploration licenses (the "Orrbacken Project") in Sweden. The Company can acquire an initial 90% interest in the Orrbacken Project by paying a total of SEK 1,600,000, as follows:

Date	SEK
On signing	200,000 (paid)
On first anniversary	200,000
On second anniversary	300,000
On third anniversary	400,000
On fourth anniversary	500,000
	1,600,000

Upon acquisition of the 90% interest, the Company has the right to purchase the remaining 10% interest for SEK 5,000,000.

On January 11, 2010, the Company entered into an agreement whereby the optionee could earn a 70% interest (the "Interest") in the Company's acquired interest in the Orrbacken Project by spending AUS $2,000,000 over five years. The optionee will also pay AUS $300,000 to the Company upon the transfer of the Interest.

As at August 31, 2010, the Company holds five base metal exploration permits in Sweden.

(ii) On March 8, 2010, the Company entered into a letter of understanding (the "LOU") with Altynor Gold Corp. and Altynor Mining Limited (collectively "Altynor"), arms-length parties, whereby the Company was granted an option to acquire Altynor's 93% ownership interest in Altynor Peru S.A.C. ("Altynor Peru"). The LOU was superseded by a share option agreement (the "Altynor Option Agreement"), dated July 2, 2010, under which the Company has the option to acquire Altynor's 93% ownership interest in Altynor Peru by making payments and loans totalling US $546,500, as follows:

Date	Payments US $	Loan to Altynor Peru US $	Total US$
Deposit on signing	46,500	-	46,500
Receipt of environmental permit	78,400	421,600	500,000
	124,900	421,600	546,500

Altynor Peru holds an option to purchase a 100% undivided interest in nine exploration permits (the "Alto Quemado Property") from Alto Quemado Mining Company S.A.C. ("Alto Quemado"). Altynor Peru must make payments totalling Euro 2.56 million to acquire 100% of the mining rights from Alto Quemado. Alto Quemado retains a 3% net

5. UNPROVEN MINERAL INTERESTS (continued)

smelter return which Altynor Peru may purchase. If production is not achieved within four years another payment of Euro 2.56 million is due. Upon acquiring the 93% interest the Company will also pay Altynor a success fee of US $803,500, in cash or common shares of the Company, should Altynor Peru exercise its option on the Alto Quemado Property.

As at August 31, 2010, the Company has made the $48,486 (US $46,500) deposit and funded $218,130 for activities in Altynor Peru and the Alto Quemado Property. The Company has also staked four claim applications.

See also Note 14 (a).

6. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:

	August 31, 2010		May 31, 2010	
	Shares	**Amount $**	**Shares**	**Amount $**
Balance, beginning of period	42,697,253	24,718,992	38,000,555	23,390,751
Issued during the period				
For cash				
private placement	-	-	4,696,698	1,362,042
Less share issue costs	-	-	-	(33,801)
	-	-	4,696,698	1,328,241
Balance, end of period	42,697,253	24,718,992	42,697,253	24,718,992

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at August 31, 2010 and 2009, and the changes for the three months ended on those dates is as follows:

	2010		2009	
	Warrants Outstanding	**Weighted Average Exercise Price $**	**Warrants Outstanding**	**Weighted Average Exercise Price $**
Balance, beginning and end of period	4,967,012	0.96	750,000	0.75

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The following table summarizes information about the number of common shares reserved pursuant to warrants outstanding at August 31, 2010:

Number	Exercise Price $	Expiry Date
750,000	0.75	May 6, 2011
4,217,012	1.00	May 12, 2014
4,967,012		

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 the three months ended August 31, 2010 and 2009 no stock options were granted.

During the three months ended August 31, 2009, the Company recorded compensation expense of $2,188 on the vesting of stock options previously granted.

The fair value of stock options is estimated using the Black-Scholes option pricing model with the following assumptions used for the vesting made during the three months ended August 31, 2010 and 2009:

	2010	2009
Risk-free interest rate	-	1.79%
Estimated volatility	-	138%
Expected life	-	2.75 years
Expected dividend yield	-	0%

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

A summary of the Company's stock options at August 31, 2010 and 2009, and the changes for the three months ended on those dates, is presented below:

	2010		2009	
	Options Outstanding	Weighted Average Exercise Price $	Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	1,600,000	0.52	3,523,250	1.25
Cancelled / expired	(40,000)	0.32	-	-
Balance, end of period	1,560,000	0.52	3,523,250	1.25

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

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2010:

Number Outstanding and Exercisable	Exercise Price $	Expiry Date
40,000	1.50	November 6, 2010
100,000	1.25	January 11, 2011
50,000	0.22	December 11, 2011
930,000	0.50	May 19, 2012
190,000	0.32	March 5, 2013
150,000	0.345	April 22, 2013
100,000	0.41	May 3, 2013
1,560,000		

8. CONTRIBUTED SURPLUS

The Company's contributed surplus at August 31, 2010 and 2009, and the changes for the three months ended on those dates is presented below:

	2010 $	2009 $
Balance, beginning of period	3,686,406	3,550,917
Stock-based compensation on stock options (Note 7)	-	2,188
Balance, end of period	3,686,406	3,553,105

9. RELATED PARTY TRANSACTIONS

During the three months ended August 31, 2010 the Company:

i) incurred $35,200 (2009 - $36,000) for accounting, administration, professional fees and rent provided by certain directors of the Company or private corporations owned by the directors;

ii) incurred $48,750 (2009 - $66,000) for management fees provided by a private corporation owned by officers of the Company, of which $nil (2009 - $21,499) was capitalized to unproven mineral interests and $48,750 (2009 - $44,501) 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 August 31, 2010, the amount payable under the agreement would be $528,000;

iii) incurred $3,300 (2009 - $3,000) for shared administration and other costs with Tumi Resources Limited ("Tumi"), a public company with common directors and officer; and

9. RELATED PARTY TRANSACTIONS (continued)

iv) recovered $40,624 (2009 - $nil) for shared office personnel and costs from a public company with common directors and officers.

As at August 31, 2010, $18,300 (2009 - $27,800) was included in accounts payable and accrued liabilities.

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.

10. SEGMENTED INFORMATION

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

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

	August 31, 2010				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Finland $	Peru $	$
Current assets	8,492,681	269,916	-	51,862	8,814,459
Investments	520,830	-	-	-	520,830
Capital assets	14,456	93,544	-	3,622	111,622
Unproven mineral interests	-	4,165,826	1,883,400	266,616	6,315,842
	9,027,967	4,529,286	1,883,400	322,100	15,762,753

	May 31, 2010				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Finland $	Peru $	$
Current assets	9,402,767	225,599	-	53,324	9,681,690
Investments	663,544	-	-	-	663,544
Capital assets	16,038	124,883	-	-	140,921
Unproven mineral interests	-	4,114,246	1,528,432	10,776	5,653,454
	10,082,349	4,464,728	1,528,432	64,100	16,139,609

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Under Canadian GAAP financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

Financial Instrument	Category	August 31, 2010 $	May 31, 2010 $
Cash and cash equivalents	Held-for-trading	3,853,832	7,532,677
Short-term deposits	Held-for-trading	4,862,423	2,000,000
Investments - common shares	Available-for-sale	509,930	627,544
Investments - warrants	Held-for-trading	10,900	36,000
Amounts receivable	Loans and receivables	69,501	128,106
Accounts payable and accrued liabilities	Other liabilities	(248,500)	(211,740)

The recorded amounts for cash and cash equivalents, short-term deposits, amount receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's carrying value and fair value of cash and cash equivalents, short-term deposit and common shares investments under the fair value hierarchy is measured using Level 1 inputs. The Company's carrying value and fair value of warrant investments under the fair value hierarchy is measured using Level 2 inputs.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its 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 August 31, 2010, the Company's financial liabilities consist of accounts payable and the accrued liabilities.

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.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 and US Dollars and Soles in Peru 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 August 31, 2010, 1 Canadian dollar was equal to 6.56 SEK, 0.94 US dollar and 2.62 Peru Soles.

Balances are as follows:

	Swedish Kronors	**United States Dollars**	**Peru Soles**	**CDN $ Equivalent**
Cash	1,440,185	19,244	102,731	279,223
Amounts receivable	418,688	-	-	63,824
Accounts payable and accrued liabilities	(1,327,283)	-	-	(202,330)
	531,590	19,244	102,731	140,717

Based on the net exposures as of August 31, 2010, and assuming that all other variables remain constant, a 10% fluctuation on the Canadian dollar against the SEK, US dollar and Peru Soles would result in the Company's net loss being approximately $12,500 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 the three months ended August 31, 2010 and 2009 non-cash activities were conducted by the Company as follows:

	2010 $	2009 $
Operating activity		
(Decrease) increase in accounts payable and accrued liabilities	(122,756)	(100,462)
Investing activities		
Expenditures on unproven mineral interests	122,756	100,462

14. SUBSEQUENT EVENTS

(a) On September 2, 2010 the Company entered into a share option agreement with Maya Traders Limited ("Maya"), an arm's length party, under which the Company has been granted an option to acquire Maya's 7% ownership interest in Altynor Peru by making payments and loans totalling US $53,500.

(b) On October 15, 2010, the Company agreed to conduct private placements totalling 7 million units at $0.79 per unit, to raise gross proceeds of $5,530,000. Each unit will comprise one common share of the Company and one-half share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share for a period of two years at a price of $1.20 per share.

MAWSON RESOURCES LIMITED

INTERIM CONSOLIDATED SCHEDULE OF UNPROVEN MINERAL INTERESTS

	August 31, 2010					Year Ended May 31, 2010
	Sweden		Finland	Peru		
	Uranium Projects	Other Projects	Uranium Projects	Gold Projects	Total	Total
	$	$	$	$	$	$
BALANCE - BEGINNING OF PERIOD	4,107,055	7,191	1,528,432	10,776	5,653,454	5,265,296
EXPENDITURES						
Assays	-	-	-	2,856	2,856	-
Consulting	3,244	-	129,268	11,322	143,834	14,691
Database	-	-	-	-	-	2,060
Drilling	-	-	-	-	-	72,998
Exploration site	6,058	-	16,915	45,763	68,736	14,984
Field equipment	-	-	-	4,161	4,161	-
Field workers	-	-	-	6,275	6,275	-
Fuel	-	-	-	-	-	7,462
Geochemical	-	-	28,336	-	28,336	8,144
Geological	-	-	89,307	1,920	91,227	75,356
Logging	-	-	-	-	-	14,133
Maps	-	-	-	-	-	3,747
Salaries	15,764	-	51,140	39,487	106,391	54,576
Topography	-	-	-	2,907	2,907	-
Travel	10,865	-	23,298	6,767	40,930	27,837
Vehicle rental	-	-	16,704	7,478	24,182	21,925
	35,931	-	354,968	128,936	519,835	317,913
ACQUISITION COSTS						
Staking fees	-	-	-	78,418	78,418	10,776
Permits	15,649	-	-	-	15,649	1,514,892
Option payment	-	-	-	48,486	48,486	-
	15,649	-	-	126,904	142,553	1,525,668
	51,580	-	354,968	255,840	662,388	1,843,581
BALANCE BEFORE THE FOLLOWING	4,158,635	7,191	1,883,400	266,616	6,315,842	7,108,877
WRITE-OFF	-	-	-	-	-	(1,455,423)
BALANCE - END OF PERIOD	4,158,635	7,191	1,883,400	266,616	6,315,842	5,653,454