MAWSON RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2011

Background

This discussion and analysis of financial position and results of operation is prepared as at August 26, 2011, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended May 31, 2011 and 2010 of Mawson Resources Limited ("Mawson" or the "Company"). Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website www.mawsonresources.com.

Company Overview

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

Mawson listed in 2004 and is a resource acquisition and development company with metal and energy interests. It has distinguished itself as the leading Scandinavian gold and uranium exploration company, with a focus on the recently discovered high-grade Rompas gold-uranium deposit in northern Finland and a portfolio which includes various uranium resource projects in Sweden and Finland.

Mawson is also active in South America, with the focus being the recently discovered, gold-copper Alto Quemado project in southern Peru.

Corporate Update

Mawson's five largest shareholders hold close to 50% of the outstanding common shares of Mawson. Mawson's flagship Rompas gold plus uranium project in northern Finland was acquired through a transaction with Areva NC ("Areva"), one of the world's largest integrated nuclear companies, as announced on April 30, 2010. Mawson acquired Areva's Finnish exploration portfolio and database, as well as cash through a placement, in return for shares and warrants. Areva hold 4,696,698 common shares in Mawson and 4,217,012 purchase warrants. Each warrant entitles Areva to acquire a common share of Mawson for $1.00 per share until April 30, 2014.

During October 2010, Mawson entered into a subscription agreement with Sentient Executive GP III, Limited ("Sentient III"), a fund managed by The Sentient Group ("Sentient"), an independent private equity firm that manages over US $1.4 billion of investments in the global resources industry. Pursuant to the terms of the private placement, Sentient has the right to participate in all future equity offerings of Mawson on the same terms and conditions as may be offered to other participants of such future equity financings to maintain its pro rata ownership. During the period Sentient III announced that Sentient Executive GP IV, Limited ("Sentient IV") has acquired control over 3,000,000 common shares, representing approximately 5.81% of the outstanding common shares of Mawson. Sentient IV is a related entity of Sentient III, an insider of Mawson, which may be considered as acting jointly or in concert with Sentient III under relevant securities laws. Sentient III has control or direction over 5,402,300 common shares of Mawson (representing approximately 10.46% of the outstanding common shares of Mawson), and the right to acquire 2,500,000 common shares of Mawson through 2,500,000 non-transferable common share purchase warrant of Mawson (each common share purchase warrant, a "Mawson Warrant"). Each Mawson Warrant entitles the holder thereof to acquire a common share of Mawson for $1.20 per share. The Mawson Warrants are exercisable until October 25, 2012. In the event all of the 2,500,000 Mawson Warrants are fully exercised, Sentient III would acquire control over a maximum of 7,902,300 common shares of Mawson (including the 5,402,300 common shares of Mawson over which Sentient III has control or direction). These combined holdings would represent approximately 14.59% of the outstanding common shares of Mawson, calculated on a partially diluted basis assuming the full exercise of the 2,500,000 Mawson Warrants only. Sentient IV has control or direction over 3,000,000 common shares of Mawson, representing approximately 5.81% of the outstanding common shares of Mawson. Sentient III and

Sentient IV have control or direction over 8,402,300 common shares of Mawson, representing approximately 16.27% of the outstanding common shares of Mawson, and 2,500,000 Mawson Warrants. In the event all of the 2,500,000 Mawson Warrants are fully exercised, these combined holdings would represent approximately 21.11% of the outstanding common shares of Mawson, calculated on a partially diluted basis assuming the full exercise of the 2,500,000 Mawson Warrants only.

Pinetree Capital Ltd ("Pinetree") is also a substantial holder of Mawson shares, acquired largely through their participation in private placements. Pinetree hold 5,175,000 common shares, and rights to acquire an additional 375,000 common shares of Mawson upon exercise of certain convertible securities. Additionally Sprott Asset Management LP hold 1,730,200 common shares in the Company and insiders hold 4,953,488 common shares representing 3.4% and 9.6% respectively of the outstanding common shares of Mawson.

Mawson is well financed, with approximately $12,000,000 in cash and equivalents, and as of the date of this MD&A, has 51,670,753 shares outstanding.

Mawson's senior management, collectively, has over 100 years of geological experience and three Directors add another 110 years of geological and mine engineering experience. Additionally, the Company has formed an Advisory Board to counsel the Company's CEO and corporate Board of Directors in matters related to continuing exploration and development of its Scandinavian and South American exploration projects. Three initial appointees to the Advisory Board bring considerable depth of experience in European uranium and gold exploration, business development and financial matters. The three initial appointees to the Advisory Board are:

- Dr. Claude Caillat PhD (Geology). Dr Caillat is currently the Senior Expert Geologist for Areva NC's Mining Business Unit based in Paris.

- Mr. Colin Maclean B.A. (First Class Honours Geology). Mr. Maclean is Deputy Chairman and a founding partner of Sentient.

- Mr. Phillip Williams B.Comm., CFA (Commerce). Mr. Williams has 10 years financial market experience with a focus on junior resource companies.

SCANDINAVIAN PROJECTS

Mawson's exploration focus in Scandinavia is on the Rompas gold-uranium project in Finland. A number of uranium properties in Sweden and Finland, at various stages in exploration from grass roots to having NI 43-101 compliant resources, complete the Scandinavian portfolio.

Finland

In Finland, as at the date of this MD&A, the Company has staked 12 granted claims totalling 979.8 hectares, and 844 claim applications for 76,325.5 hectares with potential for gold and uranium, as shown in the Table 1.

Table 1. Status of Mawson's Claims in Finland.

	No. of Claims	Area (ha)	Status
Rompas trend			
Rompas	794	71,476.9	Application
Rumavuoma	13	1,292.0	Application
Mustamaa	1	93.6	Granted
Sub-total	808	72,862.5	
Others			
Asento	37	3,556.6	Application
Nuottijarvi	1	96.0	Granted
Riutta	10	790.2	Granted
Finland	856	77,305.3	

Mawson acquired Areva's exploration portfolio as part of the transaction of April 2010. Rompas is the key focus, but the portfolio includes other prospects and properties. Subsequently, Mawson has significantly increased its tenure at

the 100% owned Rompas property. The large claim area at Rompas includes the Rumavuoma gold-uranium and Mustamaa gold-uranium prospects.

Other areas acquired from Areva are the *Riutta* granted claims in south eastern Finland which comprise 10 claims for approximately 790 hectares, and the *Asento* claims, located near to the Rompas area, which consist of 37 claim applications for approximately 3,556 hectares. In other areas the Company holds two granted claims for 196 hectares.

Rompas Gold - Uranium Project

Rompas is a new gold and uranium discovery made by Areva in 2008 which was acquired as part of the purchase of Areva's Finnish exploration portfolio announced on April 30, 2010.

Bonanza grade gold and uranium mineralization has been discovered at surface over an area exceeding 6km in strike and 200m in width. To date, surface sampling has consisted of grab samples (which are unlikely to be representative) and diamond saw cut channel samples (which are likely to be representative); both returned bonanza grade gold with uranium. The weighted average of all 80 channel samples from the 2010 program is 0.59 m @ 203.66 g/t Au and 0.73 % U within a sampling footprint of 6.0 km strike and 200-250 m width. More than 300 discovery sites have now been identified within the mineralized footprint. A detailed map showing the location and distribution of channel and grab samples from the first exploration program at Rompas can be downloaded from the Company's website at http://www.mawsonresources.com/i/maps/Rompas_PLANFEB22.pdf.

Samples were taken from mineralized structures, including shears, jogs, boudins, veins and vein intersections. In places a number of structures appear to be en echelon within the overall mineralized envelope. Importantly, a significant majority of the area is below soil cover which is too thick for the discovery of near-surface radiometric occurrences. A strong correlation exists between gold grades greater than 1g/t and uranium greater than 40ppm. It appears therefore that radiation spectrometry will prove an effective exploration and potential grade delineation tool for future work at Rompas, in areas with shallow cover. A majority of the area is below glacial till and soil cover which, at up to 5m thick, is too thick for the discovery of near-surface radiometric occurrences. Techniques other than radiation spectrometry will need to be used in these areas, and there appears to be a good opportunity to discover further mineralization in the areas of till and soil cover.

Mineralization appears to be hydrothermal in nature and shear/fracture-controlled, hosted mainly by metavolcanics which may in part be altered. Uranium is found in the form of uraninite. Native gold and uraninite are generally identified at surface in limonitic fractures within metavolcanic host rocks. It would appear that the target would be of a large, bulk-tonnage, shear or fracture-controlled nature that is probably related to a buried intrusive that may be an apophyse or down-dip extension of the granitoid complex that occurs just a few kilometers to the north of the property. The possibility of finding potentially economic high grade vein structures must also be considered. Rompas can be classified as a U-Au skarn or metasomatic vein deposit in metasedimentary and igneous host rock.

An active exploration program at Rompas was initiated during the last half 2010, which consisted of airborne geophysics, geochemical sampling and geological mapping.

On November 19, 2010, Mawson announced the first channel sample results from the Rompas gold-uranium project. Highlights from 39 surface channel samples included 0.3m @ 1,866 g/t Au and 8.0 % U, and 0.26m @ 1,510 g/t Au and 3.95 % U. Included in this batch were 10 mineralized grab samples that averaged 672 g/t Au and 2.06 % U and ranged from 0.2 g/t to 3,230 g/t Au and 14.6 ppm to >15% U.

On December 15, 2010, Mawson announced results from the second batch of channel samples received from Rompas. Results included 49 diamond saw cut channel samples that are comprised of 448 individual samples. Highlights include 0.95m @ 1,424 g/t Au and 1.3 % U, and 2.05m @ 191.3 g/t Au and 0.44 % U (Table 1). The average width and weighted average of 49 of 71 channel samples assayed is 0.43m @ 222.7 g/t Au and 0.6 % U. Also included in this batch were 254 mineralized grab samples that averaged 406 g/t Au and 0.74 % U and ranged from 0.001 g/t to 22,723 g/t Au and 0.1 ppm to >15% U.

In January 2011, Mawson increased its ground holding at Rompas by 40%. New Claim Reservations were granted for 38,510 Ha providing Mawson with a contiguous block of 134,429 Ha in the Rompas project area which consists of 132,890 Ha of Claim Reservations and 2,539 Ha of Claim Applications.

On February 22, 2011, Mawson released the third and final batch of channel samples received from the 2010 exploration program. The third batch of results included 31 diamond saw cut channel samples that comprised 268 individual samples. Highlights include 0.35 m @ 1,460 g/t Au and 1.4 % U, and 2.6 m @ 190.5 g/t Au and 0.25 % U (Table 1). Also included in this third batch of results were 64 mineralized grab samples that averaged 1,691.4 g/t Au and 6.5 % U and ranged from <0.03 g/t to 12,410 g/t Au and 1.6 ppm to 47.9% U.

On March 15, 2011 the Company received permission from the relevant Finnish authorities to allow shallow ("deep till") stratigraphic drilling at the Rompas gold project in Northern Finland. Drilling commenced in March 2011. The results of this short program were released on June 30, 2011. The shallow drill program completed in May 2011, of 28 drill holes for 155.65m drilled along two traverses 100m and 300m to the north of the North Rompas mineralized zone. The stratigraphic drill program was designed to test for the presence of the host rock sequence undercover to the north of Rompas, and not to drill beneath known mineralized zones. The program was successful in proving the altered host sequence continues at least 350m undercover from the last mineralized site at North Rompas. Glacial cover averaged 3m to 5m over the area drilled while drill holes averaged 5.5m depth.

On May 3, 2011, the Company announced it had filed 684 claims applications for 60,897 hectares around the Rompas-Rumavuoma-Mustamaa gold-uranium projects in Northern Finland. These applications replace the Company's one year old claim reservations and represent one of the largest contiguous claim applications made in Finland's history which secures Mawson's title over a +30km mineralized trend. In combination with Mawson's existing claim applications that cover the main 6km gold-uranium mineralized trend at Rompas, Mawson now holds a total of 833 claim applications for 75,340 hectares at the Rompas Project.

On June 30, 2011, Mawson released details of its' summer work program at Rompas. Work commenced in late May 2011 and initial radiometric surface spectrometer surveying has been successful in extending the known mineralized footprint approximately 50m to the east, as well as 100m north, of South Rompas. In addition, a new and continuous 10-15m wide and 100m long radiometric high has been discovered in the northwestern zone of North Rompas. Approximately 40 new mineralized sites have been discovered, stripped of moss and/or soil cover and channel sampling has commenced in these new areas. Rock samples have been submitted to the laboratory for assay and will be released when available. The exploration program over the discovery trend will focus on further making further discoveries and defining continuity between the high grade zones and will include:

- Detailed mapping and prospecting over a 6km trend, with the aim to map and refine the understanding of the key structural, geological and alteration signatures associated with gold and uranium mineralization. Further mapping will be completed at a larger scale over the 30km mineralized trend known to host the Rumavuoma and Mustamaa projects areas.
- A bedrock sampling program over an area of 8km by 500m with the aim to develop a firmer understanding of continuity of mineralization. Sampling will consist of representative diamond saw-cut channels as well as pits and short trenches dug down to bedrock over areas with higher radiation.
- Prospect and regional-scale geochemical sampling of soils and organic matter, to better define extent of the mineralized trend, especially undercover.
- Five line-km of induced polarization geophysics over the mineralized sequence to characterize the chargeability and resistivity responses of the mineralized host and each distinct lithological trend.
- A research based project to determine origins and timing of gold and uranium mineralization and associated alteration.

Being a new discovery the Rompas project is secured by claim applications. Drilling and trenching will be permitted on the granting of exploration claims. The granting of claims in Finland is currently slow and Mawson is working with the Finnish authorities to facilitate this process in the shortest possible time. A 256 hectare Natura 2000 area ("Romppaat") is also contained within the Rompas project area and correlates in part, but not exclusively, with known mineralized areas due to the presence of carbonate-favoring plants over the mineralized/altered rocks. Natura 2000 sites cover about 15% of Finland and approximately 30% of Northern Finland. Mawson has engaged consultants who have completed a report examining the need for a Natura assessment on the planned exploration program and its possible effects. The report concluded a Natura assessment, as laid down in section 65(1-2) of the Nature Conservation Act, is not needed for exploration for the Romppaat area.

A NI43-101 technical report on the Rompas property has been filed on www.sedar.com.

Rumavuoma Gold - Uranium Project

As announced on May 3, 2011, the Rumavuoma prospect is a gold-uranium mineralized trend is located approximately 3km east of the 6km long Rompas trend. Rumavuoma is secured by 13 claim applications for 1,292 hectares. Nine historic samples taken by Areva NC within an area of 3.5 kilometres by 400 metres assayed from 0.1g/t to 1.8g/t gold and averaged 0.3g/t gold and from 5ppm to 3860 ppm (0.39%) uranium and averaged 517ppm uranium.

Rumavuoma is at a very early stage, with further sampling and mapping planned over the 2011 summer.

Mustamaa Uranium Project

Uranium mineralization was first discovered at Mustamaa in 1978 by Rautaruukki Oy, during the ground follow up of a regional airborne radiometric survey. Rautaruukki Oy completed detailed outcrop and boulder mapping, applied various geophysical methodologies and assayed 26 radiometric boulders ranging from 0.01% uranium oxide ("U3O8") to 0.26% U3O8 and 0.7% phosphate ("P2O5") and 22.6% P2O5 and averaging 0.065 % U3O8 and 7.0% P2O5.

In 1979, Rautaruukki Oy identified a uranium mineralized horizon, which was drill tested with 13 diamond drill holes. Holes were spaced along a 500 metre strike and intersected a uranium horizon which remains open both along strike and at depth. Mawson has access to all previous publically available exploration data and drill core from the Geological Survey of Finland and Outokumpu Oy. Better drill intersections included:

- R13: 55.4m @ 0.03% U3O8 from 104m, including 4.1m @ 0.08% U3O8 from 120m
- R10: 18.1m @ 0.03% U3O8 from 65m, including 8.4m @ 0.04% U3O8 from 73m

Uranium at Mustamaa is mainly hosted by a breccia unit. The breccia is contained within greater than 500 metre long and up to 40 metre wide apatite bearing dolomite horizon. Mineralization is developed both within dolomite, and intercalated chlorite schist. The uranium mineralization at Mustamaa is similar to Mawson's 100% owned Nuottijärvi 1 claim application, located 260 kilometres to the south east.

During the current reporting period from historic drill holes R-003 to R-013 were examined and approximately 280m of sampling was conducted. Results are pending. Uranium is mostly hosted by apatite-rich, carbonatized and brecciated rocks, but sometimes by a black shale unit. Alteration and mineralization are interpreted to be hydrothermal in origin; it appears most uranium is remobilized into structural sites. It is important that the hydrothermal alteration (silicification, carbonatization, sericitization, chlotitization) with locally intense pyritic alteration, is in close contact to the apatite rocks, and in places with the black shales.

Further boulder studies are also recommended, as the source area for the boulders discovered at surface over the project area is not yet thought to be intercepted by historic drilling.

Riutta Uranium Project

As part of the Areva transaction announced on April 30, 2010, Mawson acquired 100% interest in the Riutta granted claims, which are located in south eastern Finland. Tenure comprises 10 claims for approximately 790 hectares. This area is considered prospective for structurally hosted uranium mineralization above an unconformity.

Nuottijärvi Uranium Project

Mawson has previously announced a Canadian National Instrument NI43-101 inferred mineral resource estimate of 2.0 million tonnes averaging 0.074% U3O8, using a 0.03% uranium lower cut-off, for 3.27 million lbs. U3O8 for the 100% owned Nuottijärvi uranium project in central Finland. Mineralization at Nuottijarvi remains open along strike and at depth.

The NI43-101 resource and accompanying technical report were completed by qualified and independent geologists Mr. John Nebocat of PGS Pacific Geological Services and Mr. Geoffrey Reed of Reed Leyton Consultants. The technical report is available on SEDAR and www.mawsonresources.com.

The Nuottijärvi uranium deposit is located in north-central Finland about 35km northeast of the town of Kajaani. Nuottijärvi was discovered by Outokumpu Oy ("Outokumpu") in 1959 who explored it intermittently until 1969 and maintained the property until the late 1970's. During that time surface radiometric and magnetic surveys, airborne

radiometric, magnetic and electromagnetic surveys and geological mapping were undertaken. A total of 43 diamond drill holes, representing about 6,287m, were drilled. Of these, 38 were located in the central mineralized zone over a distance roughly 475m north-south by 150m east-west. Outokumpo also extracted an 867 tonne bulk sample that yielded an average grade of 1.10% P, 0.050% U308, 8.60% CO2 and 1.41% S.

Uranium at Nuottijärvi occurs as uraninite associated with fluorapatite breccia, hosted by a carbonate-apatite horizon at the contact between quartzite and graphite-bearing phyllite. The mineralized body is approximately 40m thick, extends from surface to a vertical depth of 80m, trends over a strike length of more than 400m and remains open along strike and at depth.

The mineral resource estimate was calculated using Maptek's Vulcan software based on the following geological and resource modeling parameters:

- Outokumpu drilled 43 diamond drill holes for 6,679m in the Nuottijärvi area up to 1969. Thirty-eight diamond drill holes were included in the current mineral resource estimation. Hole spacing was completed on a 50m by 50m drill pattern.
- The resource describes three separate bodies of mineralization with 40m true thickness, a strike of 400 metres and an average down dip extent of 80 metres. Due to the amount of drilling and orientation, the true thickness is generally considered to be 70% of drilled thickness.
- Sections of core drilled by Outokumpu were resampled by the Issuer and analysed by ICP method at ALS Chemex Laboratories, Vancouver, Canada. A total of 377 Outokumpu samples from 20 drill holes were incorporated with the current resource estimation. The analytical method applied by Outokumpu was the standard for the industry of the day, and although no QA/QC data is available, it is considered to be of a high quality.
- Specific gravity was calculated in the model based on density test work performed by the Mawson.
- Grade interpolation was undertaken using inverse distance defined by the domain wireframes. The allocations of composites were calculated using a hard boundary at the domain wireframes.

A program of metallurgical studies is recommended to determine if the uranium is separable from the phosphorous and to determine what proportion of the uranium is contained in uraninite versus that found within the apatite (a phosphorous-bearing mineral). In addition, a 1,500m diamond drilling program has been proposed to test the lateral and depth extensions to the deposit.

Sweden

In Sweden, as at the date of this MD&A, the Company has staked 27 granted claims with potential for uranium totalling 28,210 hectares, and two claim applications for 5,442 hectares. These granted claims and applications include 3 base metal exploration permits (nickel) totalling 10,642 hectares.

Hotagen Mineralized District

The Hotagen district uranium deposits are located in the north eastern portion of a geological province known as the Olden window. The Olden Window is so called as it is an isolated area of Proterozoic basement exposed as a window within younger late Precambrian - early Paleozoic sequences that form the Caledonide Mountains that separate Sweden and Norway. Uranium mineralization occurs in the form of veins and breccias developed in an uranium rich granite host rock controlled principally by subvertical N-S to NNW-SSW brittle or brittle-ductile structures, which themselves are associated with or intruded by intermediate "diabase" dykes.

The Hotagen district is secured by Mawson's 8,360 hectares of exploration claims and includes the Company's Kläppibäcken project with a NI43-101 compliant indicated resource of 3.3 million pounds at 0.08% uranium oxide ("U_3O_8"). Recent results include discovery of sixty-six uranium mineralized outcrops within Mawson's exploration claims over an area of 8 kilometres by 7 kilometres surrounding the Kläppibäcken project. Sampling results from these outcrops included forty assays above 0.05% U_3O_8, which ranged from 0.05% U_3O_8 to 8.04% U_3O_8 and averaged 0.79% U_3O_8. The discovery of these uranium mineralized outcrops is significant considering that outcropping rock accounts for less than 10% of the surface area in the Hotagen district, with the remainder of the area blanketed under a thin 1-2 metre soil veneer.

Previously the Company completed a diamond drilling program at three uranium prospects (Ravinen, Kläppibäcken North and Urban Hill) at the Hotagen uranium project. The program consisted of 155 shallow diamond drill holes for

863.7 metres and tested bedrock for strike extensions of uranium mineralization beneath thin soil cover. New targets up to 1km along strike from Kläppibäcken were defined and will be drill tested at the appropriate time.

SOUTH AMERICAN PROJECTS

In Peru, as at the date of this MD&A, the Company has joint ventured into nine exploration permits totalling 5,400 hectares. The Company has also staked 12 claim applications for 8,500 hectares.

Alto Quemado Gold-Copper Project

Mawson has completed option agreements to purchase 100% of Altynor Peru S.A.C. ("Altynor Peru") which holds the option to acquire 100% of the Alto Quemado gold-copper project in the mineral-rich Southern Peru Mineral Belt. The Alto Quemado property is located in the Province of Caylloma, Department of Arequipa, 56km north of the Panamerican Highway from the town of Pedregal and 98km northwest of Arequipa. The project comprises 7 granted mineral concessions totaling 3,800 ha, with elevations between 2,900m - 3,300m.

The terms of the final agreements allow Mawson to acquire 100% of the stock of the optionor, Altynor Peru by making staged payments of US $50,000 on signing and US $550,000 on receipt of permits to drill. Altynor Peru holds an option to purchase 100% of the Alto Quemado gold-copper project from Alto Quemado Mining Company S.A.C. ("AQMC"). Mawson will also be required to make a further payment of US $900,000 should the underlying option with AQMC be triggered.

The underlying agreement between Altynor Peru and AQMC requires Altynor Peru to make a payment of €2.56M in 20 months from receipt of drill permits to acquire 100% of the mining rights from AQMC. The owners of AQMC retain a 3% net smelter return which Altynor Peru may purchase. If production is not achieved within four years another payment of €2.56M is due. Mawson remains in discussion with the owners of AQMC to modify specific terms of the agreement.

On July 6, 2011, the Company announced that it had received a Canadian National Instrument NI43-101 technical report for the Alto Quemado copper-gold project in Peru recommending a US $750,000 exploration program which includes at least 1,850 metres of diamond drilling. The report was completed by qualified and independent geologist Mr. John Nebocat of PGS Pacific Geological Services. The technical report is available on SEDAR and at http://www.mawsonresources.com/i/pdf/ALTO-QUEMADO_43-101-REPORT.pdf.

Mr Nebocat's recommendations include:

- A minimum 1,850 metre diamond drilling program should be completed with 7 holes (850 m) testing Ximena, La Banda and Fiorella vein systems and no fewer than 5 holes (1,000 m) testing portions of the Santa Maria porphyry target area. Pending success in either of these areas, the drill program can be expanded accordingly.
- Expand the geophysical surveys east and west of the Santa Maria porphyry zone, and conduct geophysical surveys on the newly-acquired claims north of and adjacent to the claims that are the subject of the NI43-101 report.
- The monzodiorite dykes found west of the Santa Maria zone should be extensively sampled to test their potential for gold mineralization.

The Company intends to undertake the recommended exploration program, and drilling will commence once permits are granted. The Company has recommenced discussions with the relevant Peruvian authorities after the recent national elections, and approval to drill is not anticipated before the end of 2011.

Alto Quemado is a significant new discovery in Peru. It was not until informal miners from 2001-2007 exposed a network of high-grade gold structures beneath a gold-depleted weathered veneer that the true potential of the area was recognized and documented by Altynor's geologists. Two styles of mineralization have been identified at the Property:

- **High-grade near-term production gold target**. Low sulphidation gold-copper mineralization present as multiple high grade (25g/t Au in oxide and +40g/t Au in sulphide) mineralized structures, typically 0.5m to 1.5m wide (locally up to 15m), and traceable for greater than 3km. Structures may contain significant copper.

- **Large tonnage copper-gold porphyry target**. The high-grade gold structures are hosted within an extensive argillic alteration system and lie adjacent to a leached porphyry exposed in outcrop that displays a strong IP response over 1.8km by 500m (and remains open). Based on the IP signature, porphyry textures at surface, geochemically anomalous copper and molybdenum at surface and proximity to large porphyry copper mines, potential for the discovery of an underlying porphyry at the project is strong.

Small scale mining took place for six years at Alto Quemado during 2001 to 2007. The average mining depth was 30 to 40m, except for one section which went to 80m depth. The Company has been advised that monthly production from small scale mining was 100t - 150t of oxide ore with an average grade between 30g/t - 40g/t Au. The project has only been tested by a small amount of modern exploration and never a drill hole. Exploration has included an IP survey in 1997 which defined a strong chargeability/low resistivity target over an area of 1.8km by 500m, which remains open.

The known strike of the high grade structural system is over 3km with a vertical extent over 200m, giving further confidence to the third dimension continuity of mineralization. The thickness of the structures ranges from 0.5m up to 2.5m and show a pinch-and-swell type behaviour with thicknesses up to 16m at La Union where the structures anastomose. Mineralization at Alto Quemado is comprised of pyrite, chalcopyrite, chalcocite, bornite, covellite, malachite, azurite, gold and with accessory gangue minerals which include quartz, sericite, chlorite, epidote, K-feldspar, micas, kaolin, carbonate, barite, hematite and limonite.

More than ten mineralized structures have been mapped at the property, however reconnaissance sampling by the underlying optionor, Altynor Peru (117 samples), and Mawson (21 samples) has focused to date on three main high grade mineralized structures (Ximena, Fiorella and La Banda) and one linear stockwork zone (Lomada) which have been exposed by previous artisanal mining activities. Sampling also has taken place over leached outcropping porphyry (Santa Maria) that extends over an area of approximately 850m by 400m. The gold bearing structures lie within a large argillic alteration system, fault bound to north and south and estimated to be at least 4km long and 1.3km wide, which remains open along strike to the east and west. As outcrop of mineralized structures is poor, Mawson believes good opportunities exist to make further discoveries. Ninety-five rockchip samples taken across the three high grade veins structures from both the Altynor Peru and Mawson sampling programs averaged 19.9g/t Au and 2.0% Cu and ranged from 0.01-709g/t Au and 0.0-32.5% Cu.

Future Developments

A large surface based 2011 summer exploration program has been planned for the Rompas project, with a team of 23 people working during summer of 2011. Further information regarding this program will be released as it becomes available.

In Peru the Company is working towards obtaining the environmental permits with the relevant authorities to permit drilling in 2011, in order to undertake the proposed drill program; 7 holes (850 m) testing the Ximena, La Banda and Fiorella vein systems and no fewer than 5 holes (1,000 m) testing portions of the Santa Maria porphyry target area, for a total of at least 1,850 m.

Joint Ventures

In February 2010 the Company announced it had signed an Option Agreement to explore the Orrbäcken nickel project, which won the annual Swedish "Mineral Hunt" Competition for 2009. Subsequent to this Option Agreement, Mawson entered a Joint Venture Agreement with Independence Group ("IGO") (www.igo.com.au), a nickel mining and exploration company listed on the Australian Stock Exchange, that provides IGO with the right to explore and advance the project.

The Orrbäcken Ni-Cu-Co Joint Venture is located 10km from the regional centre of Skellefteå in north eastern Sweden. Orrbäcken is a nickel occurrence discovered by local prospectors who identified approximately 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and are interpreted to be close to their source. Four boulder samples were taken by the Swedish Geological Survey from the Orrbäcken discovery. Nickel content ranged from 1.9% to 0.6% and averaged 1.0%, cobalt ranged from 0.21% to 0.05% and averaged 0.1% and copper ranged from 0.7% to 0.1% and averaged 0.3%. The boulder train is associated with a magnetic feature that is of a similar scale to other mafic intrusives that have eventually been found to host economic deposits.

IGO completed airborne EM and magnetics during the period and mobilized a ground based EM crew in January 2011 with the aim to define drill targets to be tested in 2011.

Separately in Sweden, Mawson granted a third party, ASX-listed Hodges Resources Ltd. ("Hodges"), the right to earn up to 51% in four of Mawson's earlier stage uranium projects by funding work program expenditures of US $500,000 over four years from April 2007, including the Norr Döttern and Harrejokk projects in the Arvidsjaur-Areplog area, and to earn up to 75% by fully funding any project to successful bankable feasibility. Other projects joint ventured to Hodges are Sjaule in the Hotagen area and Åsnebogruvan in Southern Sweden. Hodges has been undertaking work programs including drilling, however the results of much of this work are yet to be made public. The permits are kept in good standing by Hodges.

In the Arjeplog - Arvidsjaur uranium district of northern Sweden, Hodges completed diamond drilling at the Östra Järntjärnbäcken uranium prospect. Recently released results from six diamond holes for 491.4m produced the following highlights:

- 17m @ 0.1% U_3O_8 from 60m in hole JTB1011
  including; 12m @ 0.12% U_3O_8 from 63m and 3m @ 0.11% U_3O_8 from 74m;
- 19m @ 0.03% U_3O_8 from 91m in hole JTB1011
  including; 5m @ 0.07% U_3O_8 from 98m;
- 1m @ 0.08% U_3O_8 from 35.5m in hole JTB1008; and
- 0.6m @ 0.07% U_3O_8 from 58m in hole JTB1013.

Drilling completed to date has defined an area of approximately 120m x 100m of moderately dipping, multiple stacked uranium mineralized horizons which remains open to the NW and at depth. Mineralization appears to be increasing in both thickness and grade down dip. Drill widths appear to approximate true widths.

Investments

The Company holds investments in two public companies:

- Hansa Resources Limited ("Hansa") 3,500,000 common shares
- Tumi Resources Limited ("Tumi") 300,000 common shares

The Company also received warrants to purchase an additional 1,000,000 common shares of Hansa and 300,000 common shares of Tumi.

As at May 31, 2011, the quoted market value of the common shares of the investments was $612,500 and the fair value of the warrants, as estimated using the Black-Scholes pricing model, was $89,000.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

The qualified person for Mawson's projects, Mr. Terry Lees, the Company's VP-Exploration, a Fellow of the Australian Institute of Geoscientists, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended May 31,		
	2011 $	2010 $	2009 $
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(3,240,316)	(1,615,978)	(1,372,363)
Other items	(8,326)	(1,586,689)	180,833
Net loss	(3,248,642)	(3,202,667)	(1,191,530)
Other comprehensive gain (loss)	750,273	(528,845)	(368,928)
Comprehensive loss	(2,498,369)	(3,731,512)	(1,560,458)
Basic and diluted loss per share	(0.07)	(0.08)	(0.03)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	13,012,489	9,469,950	11,426,469
Total assets	22,041,969	16,139,609	18,441,635
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2011				Fiscal 2010			
	May 31 2011 $	Feb 28 2011 $	Nov 30 2010 $	Aug 31 2010 $	May 31 2010 $	Feb 28 2010 $	Nov 30 2009 $	Aug 31 2009 $
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(440,823)	(775,545)	(1,682,107)	(341,841)	(525,413)	(396,849)	(498,521)	(195,195)
Other items	(254,992)	190,247	10,580	45,839	(164,272)	(79,068)	(699,709)	(643,640)
Net loss	(695,815)	(585,298)	(1,671,527)	(296,002)	(689,685)	(475,917)	(1,198,230)	(838,835)
Other comprehensive income gain (loss)	627,000	66,464	174,423	(117,614)	31,376	(484,486)	506,464	(582,199)
Comprehensive loss	(68,815)	(518,834)	(1,497,104)	(413,616)	(658,309)	(960,403)	(691,766)	(1,421,034)
Basic and diluted loss per share	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)	(0.01)	(0.03)	(0.02)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	13,012,489	12,613,472	13,254,241	8,565,949	9,469,950	10,095,645	10,613,449	11,127,759
Total assets	22,041,969	21,385,975	21,314,219	15,762,753	16,139,609	15,272,238	16,222,397	16,870,250
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended May 31, 2011 Compared to Three Months Ended May 31, 2010

During the three months ended May 31, 2011 (the "2011 Quarter") the Company reported a net loss of $695,815 compared to a net loss of $689,685, for the three months ended May 31, 2010 (the "2010 Quarter"), a slight increase in loss of $6,130.

Year Ended May 31, 2011 Compared to Year Ended May 31, 2010

During fiscal 2011 the Company reported a net loss of $3,248,642 ($0.07 per share), a slight increase of $45,975 from the net loss of $3,202,667 ($0.08 per share) for fiscal 2010. The primary factor for the slight increase is attributed to the recognition of stock-based compensation of $1,591,000 in fiscal 2011 compared to $135,489 in fiscal 2010 and offset by the write-off of unproven mineral interests of $1,455,423 in fiscal 2010.

Total expenses increased by $1,624,338 from $1,615,978 during fiscal 2010 to $3,240,316 during fiscal 2011. The increase is primarily attributable to the recognition of stock-based compensation of $1,591,000 on the granting of

stock options in fiscal 2011 compared to $135,489 in fiscal 2010. Specific expenses of note during fiscal 2011 are as follows:

- incurred $36,800 (2010 - $28,650) for accounting and administration services charged by Chase Management Ltd. ("Chase"), a private corporation controlled by Mr. Nick DeMare, a director of the Company;
- incurred general exploration expenditures of $576,220 (2010 - $614,754) relating to ongoing costs of the Company's exploration office in Sweden and Peru and general exploration and property due diligence in Sweden, Finland and Peru. Fluctuations in general exploration expenses is primarily affected by allocations to direct property costs;
- incurred $173,351 for travel expenses (2010 - $130,620), primarily for ongoing international travel by Company management, personnel and contract geologists to oversee the Company's property acquisitions and exploration programs and for general corporate and financing activities;
- the Company has retained Mining Interactive Corp. ("Mining Interactive") to provide market awareness and investor relation activities. During fiscal 2011, the Company paid Mining Interactive $42,000 (2010 - $49,500);
- paid $186,468 (2010 - $208,930) for professional services. The Company reimbursed $11,550 (2010 - $5,900) to Tumi Resources Limited, a public company with common directors, for shared administration and other costs and $90,000 (2010 - $90,000) for professional services to directors of the Company;
- incurred $193,000 (2010 - $227,750) for management and professional fees charged through Sierra Peru Pty ("Sierra") for remuneration of Mr. Michael Hudson, the Company's President and CEO, and Mr. Mark Saxon, the Company's Vice-President of Exploration. During fiscal 2010 all of these costs were expensed whereas in fiscal 2010, a portion of the fees, $21,499, was allocated and capitalized to unproven mineral interests;
- recovered $40,624 from Tasman Metals Ltd., a public company with common directors and officers, for shared office and personnel in Sweden. No recoveries were made in the 2010 period;
- incurred corporate development expenses of $139,974 (2010 - $24,169) for attendance at international and investment conferences and increased website-based market awareness programs;
- incurred salaries and benefits of $118,838 (2010 - $nil) for staff in the mining office in Peru; and
- stock-based compensation of $1,591,000 (2010 - $135,489) on the granting and vesting of stock options.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no revenue. Interest income is generated from cash on deposit with the Bank of Montreal and short-term money market instruments issued by major financial institutions. During fiscal 2011 the Company reported interest and other income of $114,511 as compared to $26,140 during fiscal 2010. The increase in interest and other income is attributed to a combination of slightly higher interest yields obtained and higher levels of funds invested during fiscal 2011.

The Company's holdings in the common shares of a number of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value resulting in a comprehensive gain of $750,273 during fiscal 2011 compared to a comprehensive loss of $528,845 during fiscal 2010. The Company's holdings in the warrants have been designated as held-for-trading for accounting purposes and are measured at fair value resulting in an unrealized gain of $53,000 during fiscal 2011 compared to an unrealized loss of $120,000 during the 2010 period. During fiscal 2011 the Company sold its holdings of 1,000,000 common shares of Hodges for $195,999, for a realized gain of $145,682. The Company also sold 3,500,000 common shares of Hansa for $350,000 and recognized a loss of $365,000. No investments were disposed of by the Company in fiscal 2010. See also "Investments" in this MD&A.

During fiscal 2011 the Company incurred a total of $2,131,044 (2010 - $1,843,581) on acquisition costs and exploration activities on its unproven mineral interests. In total, the Company spent $1,456,290 (2010 - $1,830,504) on its Uranium Projects and $674,754 (2010 - $13,077) on its other projects. During fiscal 2010 the Company wrote-off $1,455,423 in exploration expenditures. There were no impairments in fiscal 2011. Details of the exploration activities conducted during fiscal 2011 are described in "Exploration Projects" in this MD&A.

During fiscal 2011 the Company purchased a condominium located in Lima, Peru from Tumi for $248,450. The condominium is being used by the Company to provide accommodations to Company personnel and contract geologists during trips to Peru.

During fiscal 2011 the Company completed a private placement for 7,000,000 units for gross proceeds of $5,530,000. It raised a further $538,370 from the exercise of stock options and $778,500 from the exercise of warrants. In fiscal 2010, the Company conducted a private placement financing of $1,362,042 with Areva.

Financial Condition / Capital Resources

As at May 31, 2011, the Company had working capital of $13,012,489. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration programs 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. In the event that the occasion arises, 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

The Company has no proposed transactions.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the May 31, 2011 audited consolidated financial statements.

Changes in Accounting Policies

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.

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.

The Company does not anticipate the new accounting standards to have an impact on the Company's consolidated financial statements.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is June 1, 2011, with an effective transition date of June 1, 2010

for financial statements prepared on a comparative basis. The Company has conducted its assessment and conversion process and expects to be ready for the conversion to IFRS.

The Company's approach to the conversion to IFRS includes three phases.

Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS, was completed in 2009.

Phase Two: an in-depth analysis of the impact of those areas identified under phase one was completed in 2010.

Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at June 1, 2011, will be completed in 2011.

At this point, the Company's IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the work completed, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Depreciation is based on their useful lives after due estimation of their residual values.	Depreciation must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required.
Resource Properties	Exploration, evaluation and development costs directly relating to unproven mineral interests are deferred until the mineral interest in which they relate is placed into production, sold or abandoned	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Asset Retirement Obligations	Canadian GAAP limits the definition of ARO's to legal obligations.	IFRS defines ARO's as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in current estimates. As at May 31, 2011 the Company did not have any material ARO's.
	ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.	The change in calculation of ARO and the discounting process will not have an impact as, at May 31, 2011, the Company did not have any material ARO's.
Impairment of Long Lived Assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of "cash generating units" are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company's various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.
	Impairment tests are generally done on the basis of undiscounted future cash flows.	Impairment tests are generally carried out using the discounted future cash flow.	Impairment tests using discounted values could generate a greater likelihood of write downs in the future.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).	The determination of the value of stock-based compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Income Taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.
	All deferred income tax assets are recognized to the extent that it is "more likely than not" that the deferred income tax assets will be realized recognized.	A deferred tax asset is recognized if it is "probable" that it will be realized.	"Probable" in this context is not defined and does not necessarily mean "more likely than not". The Company is in the final stages of quantifying the impact of this difference.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company's analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company's financial statements as at May 31, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

Transactions with Related Parties

(a) During fiscal 2011 the Company:

i) incurred $131,600 (2010 - $125,950) for accounting, administration, professional fees and rent provided by certain directors of the Company or private corporations owned by the directors;
ii) incurred $193,000 (2010 - $227,750) for management fees provided by a private corporation owned by officers of the Company, of which $nil (2010 - $21,499) was capitalized to unproven mineral interests and $193,000 (2010 - $206,251) was 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 $13,500 per month, is payable. If the termination had incurred on May 31, 2011, the amount payable under the agreement would be $324,000;
iii) incurred $11,550 (2010 - $5,900) for shared administration and other costs with Tumi; and
iv) recovered $40,624 (2010 - $nil) for shared office personnel and costs from Tasman Metals Ltd., a public company with common directors and officers.

As at May 31, 2011, $27,850 (2010 - $4,400) of the above amounts 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.

(b) During fiscal 2011 the Company purchased a 100% interest in Kay Metals Ltd. ("Kay Metals") from Tumi, a public company with directors and officers in common, for $248,450 (US $250,000). The only asset of Kay Metals is the condominium in Peru.

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 is in compliance in all material regulations applicable to its exploration activities. 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 Peru 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.

Investor Relations Activities

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website (www.mawsonresources.com) on a continuous basis. Effective November 1, 2004, the Company retained Mining Interactive to provide market awareness and investor relations activities. During fiscal 2011 the Company paid Mining Interactive a total of $42,000 (2010 - $49,500). The arrangement may be cancelled by either party on 15 days notice.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at August 26, 2011, there were 51,670,753 issued and outstanding common shares. In addition, there were 2,806,500 stock options outstanding, at exercise prices ranging from $0.32 to $2.35 per share and 7,537,012 warrants outstanding at exercise prices ranging from $1.00 to $1.20 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 has concluded that the Company's disclosure controls and procedures, as defined in Multilateral 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. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. 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. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

Internal Controls and Procedures over Financial Reporting

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

In the course of evaluating internal controls over financial reporting as at May 31, 2011, management has identified the following reportable deficiencies:

(a) there is limited segregation of duties which could result in a material misstatement in the Company's financial statements. Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. However, none of these segregation of duty deficiencies resulted in material misstatement to the financial statements as the Company relies on certain compensating controls, including periodic substantive review of the financial statements by the Chief Executive Officer, Audit Committee and Board of Directors.

(b) when required, the Company records complex and non-routine transactions. These are sometimes extremely technical in nature and require an in-depth understanding of GAAP. The Company's accounting staff have only a fair and reasonable knowledge of the rules related to GAAP and the transactions may not be recorded correctly, potentially resulting in material misstatements of the financial statements of the Company.

To address this risk, the Company consults with its third party advisors as needed in connection with the recording and reporting of complex and non-routine transactions.

It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. The control framework the officers used to design the Company's internal control over financial reporting is the *Internal Control - Integrated Framework* ("COSO Framework") published by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission.

The Company is required to disclose herein any change in the Company's internal control over financial reporting that occurred during the period beginning on June 1, 2010 and ending on May 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.