
MAWSON RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
NOVEMBER 30, 2014

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MAWSON RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	November 30, 2014 \$	May 31, 2014 \$
ASSETS			
Current assets			
Cash		6,141,892	5,376,279
Amounts receivable		28,330	42,270
GST/VAT receivable		120,187	48,163
Prepaid expenses and deposits		<u>17,506</u>	<u>41,919</u>
Total current assets		<u>6,307,915</u>	<u>5,508,631</u>
Non-current assets			
Investments	5	87,650	124,794
Property, plant and equipment	6	248,297	261,798
Exploration and evaluation assets	7	<u>11,237,160</u>	<u>10,014,927</u>
Total non-current assets		<u>11,573,107</u>	<u>10,401,519</u>
TOTAL ASSETS		<u>17,881,022</u>	<u>15,910,150</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>657,973</u>	<u>459,385</u>
TOTAL LIABILITIES		<u>657,973</u>	<u>459,385</u>
SHAREHOLDERS' EQUITY			
Share capital	8	39,225,378	36,233,702
Share-based payments reserve		6,069,717	6,016,717
Deficit		(27,342,593)	(26,107,345)
Accumulated other comprehensive loss		<u>(729,453)</u>	<u>(692,309)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>17,223,049</u>	<u>15,450,765</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>17,881,022</u>	<u>15,910,150</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on January 12, 2015 and are signed on its behalf by:

/s/ Michael Hudson

Michael Hudson
Director

/s/ Nick DeMare

Nick DeMare
Director

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

MAWSON RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended November 30		Six Months Ended November 30	
		2014 \$	2013 \$	2014 \$	2013 \$
Expenses					
Accounting and administration	9(b)(ii)	20,012	34,822	42,434	69,969
Audit		24,600	27,158	41,537	47,733
Corporate development		12,663	34,839	15,084	44,138
Depreciation		6,219	8,643	13,501	17,286
General exploration		15,601	90,984	35,758	193,661
Investor relations		7,500	9,000	16,000	18,000
Legal		137,501	17,334	160,138	45,798
Management fees	9(a)	45,000	40,500	87,000	81,000
Office and sundry		37,353	29,375	55,191	59,687
Professional fees	9	150,130	142,098	280,003	281,582
Regulatory fees		4,187	4,860	17,472	19,895
Rent		20,838	17,771	33,292	58,446
Salaries and benefits		64,440	46,059	116,992	114,897
Shareholder costs		4,849	6,343	8,445	10,439
Share-based compensation	8(d), 9	53,000	855,800	53,000	855,800
Transfer agent		4,611	7,406	5,688	8,639
Travel		112,837	101,954	208,693	203,298
		<u>721,341</u>	<u>1,474,946</u>	<u>1,190,228</u>	<u>2,130,268</u>
Loss before other items		<u>(721,341)</u>	<u>(1,474,946)</u>	<u>(1,190,228)</u>	<u>(2,130,268)</u>
Other items					
Interest and other income		17,369	33,815	41,634	60,866
Impairment of exploration and evaluation assets		-	(750)	-	(95,644)
Foreign exchange		(44,982)	10,289	(61,654)	18,987
Court judgment and associated costs	7(a)	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
		<u>(52,613)</u>	<u>43,354</u>	<u>(45,020)</u>	<u>(15,791)</u>
Net loss for the period		<u>(773,954)</u>	<u>(1,431,592)</u>	<u>(1,235,248)</u>	<u>(2,146,059)</u>
Other comprehensive loss		<u>(19,988)</u>	<u>(37,250)</u>	<u>(37,144)</u>	<u>(37,250)</u>
Comprehensive loss for the period		<u>(793,942)</u>	<u>(1,468,842)</u>	<u>(1,272,392)</u>	<u>(2,183,309)</u>
Basic and diluted loss per common share		<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.02)</u>	<u>\$(0.03)</u>
Weighted average number of common shares outstanding		<u>70,596,132</u>	<u>65,102,706</u>	<u>68,010,930</u>	<u>61,543,745</u>

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

MAWSON RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Six Months Ended November 30, 2014						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2014	65,425,728	36,233,702	6,016,717	(26,107,345)	(692,309)	15,450,765
Common shares issued for:						
Cash - private placement	9,124,243	3,011,000	-	-	-	3,011,000
Share issue costs	-	(19,324)	-	-	-	(19,324)
Share-based compensation	-	-	53,000	-	-	53,000
Unrealized loss on investments	-	-	-	-	(37,144)	(37,144)
Net loss for the period	-	-	-	(1,235,248)	-	(1,235,248)
Balance at November 30, 2014	74,549,971	39,225,378	6,069,717	(27,342,593)	(729,453)	17,223,049

Six Months Ended November 30, 2013						
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at May 31, 2013	56,081,311	32,086,361	5,160,917	(22,955,827)	(685,750)	13,605,701
Common shares issued for:						
Cash - private placement	9,344,417	4,204,988	-	-	-	4,204,988
Share issue costs	-	(57,647)	-	-	-	(57,647)
Share-based compensation	-	-	855,800	-	-	855,800
Unrealized loss on investments	-	-	-	-	(37,250)	(37,250)
Net loss for the period	-	-	-	(2,146,059)	-	(2,146,059)
Balance at November 30, 2013	65,425,728	36,233,702	6,016,717	(25,101,886)	(723,000)	16,425,533

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

MAWSON RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended November 30,	
	2014 \$	2013 \$
Operating activities		
Net loss for the period	(1,235,248)	(2,146,059)
Adjustments for:		
Depreciation	13,501	17,286
Share-based compensation	53,000	855,800
Impairment of exploration and evaluation assets	-	95,644
	<u>(1,168,747)</u>	<u>(1,177,329)</u>
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	13,940	(23,907)
Increase in GST/VAT receivables	(72,024)	(68,798)
Decrease in prepaid expenses and deposits	24,413	41,740
Increase (decrease) in accounts payable and accrued liabilities	96,509	(21,656)
	<u>62,838</u>	<u>(72,621)</u>
Net cash used in operating activities	<u>(1,105,909)</u>	<u>(1,249,950)</u>
Investing activities		
Expenditures on exploration and evaluation assets	<u>(1,120,154)</u>	<u>(1,044,966)</u>
Net cash used in investing activities	<u>(1,120,154)</u>	<u>(1,044,966)</u>
Financing activities		
Issuance of share capital	3,011,000	4,204,988
Share issue costs	<u>(19,324)</u>	<u>(57,647)</u>
Net cash provided by financing activities	<u>2,991,676</u>	<u>4,147,341</u>
Net change in cash	765,613	1,852,425
Cash at beginning of period	<u>5,376,279</u>	<u>5,209,513</u>
Cash at end of period	<u>6,141,892</u>	<u>7,061,938</u>

Supplemental cash flow information - Note 11

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

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Mawson Resources Limited (the "Company") was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). The Company is listed and trades on the Toronto Stock Exchange ("TSX") under the symbol "MAW". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at November 30, 2014 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended May 31, 2014.

Basis of Presentation

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at May 31, 2014. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2014.

MAWSON RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars)

4. Subsidiaries

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Mawson AB	Sweden	100%
Mawson Oy	Finland	100%
Kay Metals Ltd.	Barbados	100%

5. Investments

<u>As at November 30, 2014</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated Unrealized Loss</u>	<u>Carrying Value</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Common shares				
Hansa Resources Limited ("Hansa")	3,500,000	715,000	(645,000)	70,000
Tumi Resources Limited ("Tumi")	75,000	45,000	(39,000)	6,000
Thomson Resources Ltd. ("Thomson")	600,000	16,603	(4,953)	11,650
		<u>776,603</u>	<u>(688,953)</u>	<u>87,650</u>
<u>As at May 31, 2014</u>				
<u>Number</u>	<u>Cost</u>	<u>Accumulated Unrealized Loss</u>	<u>Carrying Value</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Common shares				
Hansa	3,500,000	715,000	(610,000)	105,000
Tumi	75,000	45,000	(34,125)	10,875
Thomson	600,000	16,603	(7,684)	8,919
		<u>776,603</u>	<u>(651,809)</u>	<u>124,794</u>

The carrying values of the investments were determined using quoted market values.

MAWSON RESOURCES LIMITED
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(Unaudited - Expressed in Canadian Dollars)

6. Property, Plant and Equipment

Cost:	Condominium \$	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Balance at May 31, 2013 and 2014 and November 30, 2014	<u>248,450</u>	<u>29,744</u>	<u>74,069</u>	<u>158,504</u>	<u>510,767</u>
Accumulated Depreciation:					
Balance at May 31, 2013 Depreciation	<u>(30,024)</u> <u>(12,424)</u>	<u>(16,532)</u> <u>(4,469)</u>	<u>(20,015)</u> <u>(13,287)</u>	<u>(147,238)</u> <u>(4,980)</u>	<u>(213,809)</u> <u>(35,160)</u>
Balance at May 31, 2014 Depreciation	<u>(42,448)</u> <u>(6,212)</u>	<u>(21,001)</u> <u>(1,986)</u>	<u>(33,302)</u> <u>(4,626)</u>	<u>(152,218)</u> <u>(677)</u>	<u>(248,969)</u> <u>(13,501)</u>
Balance at November 30, 2014	<u>(48,660)</u>	<u>(22,987)</u>	<u>(37,928)</u>	<u>(152,895)</u>	<u>(262,470)</u>
Carrying Value:					
Balance at May 31, 2014	<u>206,002</u>	<u>8,743</u>	<u>40,767</u>	<u>6,286</u>	<u>261,798</u>
Balance at November 30, 2014	<u>199,790</u>	<u>6,757</u>	<u>36,141</u>	<u>5,609</u>	<u>248,297</u>

7. Exploration and Evaluation Assets

	As at November 30, 2014			As at May 31, 2014		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland						
Gold Projects	2,057,902	9,124,617	11,182,519	2,002,170	7,978,393	9,980,563
Sweden						
Other Projects	<u>53,297</u>	<u>1,344</u>	<u>54,641</u>	<u>33,020</u>	<u>1,344</u>	<u>34,364</u>
	<u>2,111,199</u>	<u>9,125,961</u>	<u>11,237,160</u>	<u>2,035,190</u>	<u>7,979,737</u>	<u>10,014,927</u>

MAWSON RESOURCES LIMITED
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FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Unaudited - Expressed in Canadian Dollars)

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

	<u>Finland</u>	<u>Sweden</u>	
	Gold Projects \$	Other Projects \$	Total \$
Balance at May 31, 2013	<u>7,846,210</u>	<u>400,529</u>	<u>8,246,739</u>
Exploration costs			
Assays	218,317	-	218,317
Consulting	111,243	-	111,243
Drilling	239,281	-	239,281
Exploration site	33,727	1,764	35,491
Field equipment	62,915	-	62,915
Field workers	130,135	-	130,135
Fuel	28,027	-	28,027
Geochemical	3,341	-	3,341
Geological	507,757	11,823	519,580
Logging	34,783	-	34,783
Maps	2,767	1,048	3,815
Salaries and benefits	416,114	22,440	438,554
Travel	39,738	5,430	45,168
Vehicle rental	57,216	5,763	62,979
	<u>1,885,361</u>	<u>48,268</u>	<u>1,933,629</u>
Acquisition costs			
Mining rights	250,315	-	250,315
Permits	-	33,020	33,020
Recoveries	-	(210,333)	(210,333)
	<u>250,315</u>	<u>(177,313)</u>	<u>73,002</u>
Impairment	<u>(1,323)</u>	<u>(237,120)</u>	<u>(238,443)</u>
Balance at May 31, 2014	<u>9,980,563</u>	<u>34,364</u>	<u>10,014,927</u>
Exploration costs			
Assays	182,282	-	182,282
Consulting	21,917	-	21,917
Exploration site	3,724	-	3,724
Field equipment	89,185	-	89,185
Field workers	273,487	-	273,487
Fuel	26,768	-	26,768
Geological	221,618	-	221,618
Logging	18,624	-	18,624
Salaries and benefits	213,994	-	213,994
Travel	32,501	-	32,501
Vehicle rental	62,124	-	62,124
	<u>1,146,224</u>	<u>-</u>	<u>1,146,224</u>
Acquisition costs			
Mining rights	55,732	20,885	76,617
Recoveries	-	(608)	(608)
	<u>55,732</u>	<u>20,277</u>	<u>76,009</u>
Balance at November 30, 2014	<u>11,182,519</u>	<u>54,641</u>	<u>11,237,160</u>

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7. Exploration and Evaluation Assets (continued)

(a) ***Finland***

As at November 30, 2014 the Company holds a total of 121 granted claims, 710 claim applications, 9 claim reservations, 4 granted exploration permits and 3 exploration permit applications in Finland.

The Company has been dealing with certain Finnish environmental authorities in regards to issues arising from the Company's hand dug trenches at Rompas, Finland, completed during the 2010 and 2011 work programs. The main issue involves claims that the Company's hand dug trenches have affected the nature conservation values of the area where the work was undertaken. On December 31, 2014 the Company received notification of a ruling by the Kemi-Tornio District Court in Finland. The Company was found to be not guilty of the original basis for the case, being the nature conservation crime associated with the destruction of specific endangered plant species. Additionally, associated compensation requests were rejected. However, the Company's hand dug trenches were found to have diminished the representativeness and diversity of the nature conservation values where some of the hand digging took place. A corporate fine of 5,000 Euros was imposed on the Company. As at November 30, 2014 the Company has recorded \$25,000 in accounts payable and accrued liabilities for the fine and estimated indemnity and associated costs.

(b) ***Sweden***

As at November 30, 2014 the Company holds a total of 3 claims in Sweden.

8. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

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

(i) In October 2014 the Company completed a non-brokered private placement of 9,124,243 units of the Company at \$0.33 per unit for gross proceeds of \$3,011,000 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.50 for a period of two years expiring October 10, 2016. The Company incurred \$19,324 for legal and filing costs associated with the private placement.

(ii) During fiscal 2014 the Company completed a non-brokered private placement of 9,344,417 units of the Company at \$0.45 per unit for gross proceeds of \$4,204,988 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.65 for a period of two years from closing. The private placement was completed in two tranches. The Company incurred \$57,647 for legal and filing costs associated with the private placement.

MAWSON RESOURCES LIMITED
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FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
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8. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2014 and 2013 and the changes for the six months ended on those dates, is as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	4,672,208	0.65	4,920,667	0.86
Issued	<u>4,562,119</u>	0.50	<u>4,672,208</u>	0.65
Balance, end of period	<u>9,234,327</u>	0.58	<u>9,592,875</u>	0.76

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2014:

<u>Number</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
2,855,208	0.65	August 2, 2015
1,817,000	0.65	September 9, 2015
<u>4,562,119</u>	0.50	October 10, 2016
<u>9,234,327</u>		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the six months ended November 30, 2014 the Company granted share options to purchase 380,000 (2013 - 3,890,000) common shares and recorded compensation expense of \$53,000 (2013 - \$855,800).

The fair value of share options granted during the six months ended November 30, 2014 and 2013 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2014</u>	<u>2013</u>
Risk-free interest rate	1.22%	1.42%
Estimated volatility	70% - 75%	80%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average fair value of all share options granted during the six months ended November 30, 2014 was \$0.14 (2013 - \$0.22) per option.

MAWSON RESOURCES LIMITED
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8. Share Capital (continued)

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

A summary of the Company's share options at November 30, 2014 and 2013 and the changes for the six months ended on those dates, is as follows:

	<u>2014</u>		<u>2013</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	4,435,000	0.62	2,513,000	1.04
Granted	380,000	0.40	3,890,000	0.52
Expired	<u>(285,000)</u>	1.51	<u>(1,818,000)</u>	0.84
Balance, end of period	<u>4,530,000</u>	0.55	<u>4,585,000</u>	0.68

The following table summarizes information about the share options outstanding and exercisable at November 30, 2014:

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

9. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the six months ended November 30, 2014 and 2013 the following amounts were incurred with respect to the Company's President, Chief Financial Officer ("CFO") and Vice-President of Exploration:

	<u>2014</u>	<u>2013</u>
	\$	\$
Management fees	87,000	81,000
Professional fees	116,230	113,258
Rent for apartment	-	31,576
Share-based compensation	-	264,000
	<u>203,230</u>	<u>489,834</u>

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9. Related Party Disclosures (continued)

Professional fees of \$101,230 (2013 - \$95,780) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at November 30, 2014, \$33,687 (2013 - \$32,629) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at \$15,000 per month, is payable. If the termination had occurred on November 30, 2014, the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

(i) During the six months ended November 30, 2014 and 2013 the following amounts were incurred with respect to non-executive directors and/or officers of the Company:

	2014 \$	2013 \$
Salaries	36,500	28,500
Professional fees	60,000	60,000
Share-based compensation	-	389,400
	<u>96,500</u>	<u>477,900</u>

As at November 30, 2014, \$15,000 (2013 - \$20,000) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended November 30, 2014 the Company incurred a total of \$28,900 (2013 - \$30,300) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$2,010 (2013 - \$2,010) for rent. As at November 30, 2014, \$8,570 (2013 - \$4,670) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the six months ended November 30, 2014 the Company recovered \$38,209 (2013 - \$36,864) for shared office personnel and costs from public companies with common directors and officers. As at November 30, 2014, \$8,275 (2013 - \$14,238) of the amount remained outstanding and has been included in amounts receivable.

(d) During the six months ended November 30, 2014 the Company incurred \$2,560 (2013 - \$nil) for shared office administration costs with a public company with common directors and officers. As at November 30, 2014, \$1,485 (2013 - \$nil) of the amount remained outstanding and has been included in accounts payable and accrued liabilities.

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10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2014	May 31, 2014
		\$	\$
Cash	FVTPL	6,141,892	5,376,279
Amounts receivable	Loans and receivables	28,330	42,270
Investments	Available-for-sale	87,650	124,794
Accounts payable and accrued liabilities	Other liabilities	(657,973)	(459,385)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The Company's fair value of cash and investments under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the potential loss related to the credit risk included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

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10. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at November 30, 2014				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	6,141,892	-	-	-	6,141,892
Amounts receivable	28,330	-	-	-	28,330
Investments	-	-	87,650	-	87,650
Accounts payable and accrued liabilities	(657,973)	-	-	-	(657,973)

	Contractual Maturity Analysis at May 31, 2014				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	5,376,279	-	-	-	5,376,279
Amounts receivable	42,270	-	-	-	42,270
Investments	-	-	124,794	-	124,794
Accounts payable and accrued liabilities	(459,385)	-	-	-	(459,385)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, Euros and Swedish Kronors ("SEK"). The Company maintains Euros bank accounts in Finland, SEK bank accounts in Sweden, and a US Dollar bank account in Canada to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At November 30, 2014, 1 Canadian Dollar was equal to 0.70 Euros, 6.53 SEK and 0.88 US Dollar.

Balances are as follows:

	Euros	Swedish Kronors	US Dollars	CDN \$ Equivalent
Cash	137,655	138,163	102,755	334,575
Amounts receivable	94,006	11,265	-	136,019
Accounts payable and accrued liabilities	<u>(372,961)</u>	<u>(185,048)</u>	<u>-</u>	<u>(561,140)</u>
	<u>(141,300)</u>	<u>(35,620)</u>	<u>102,755</u>	<u>(90,546)</u>

Based on the net exposures as of November 30, 2014 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euros, SEK and US Dollar would result in the Company's net loss being approximately \$8,000 higher (or lower).

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10. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Supplemental Cash Flow Information

During the six months ended November 30, 2014 and 2013 non-cash activities were conducted by the Company as follows:

	2014 \$	2013 \$
Operating activity		
Increase in accounts payable and accrued liabilities	<u>341,046</u>	<u>271,594</u>
Investing activity		
Additions to exploration and evaluation assets	<u>(341,046)</u>	<u>(271,594)</u>

12. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. As at November 30, 2014 the Company's exploration and evaluation assets are located in Finland and Sweden and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

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

	<u>As at November 30, 2014</u>				
	Canada \$	Sweden \$	Finland \$	Peru \$	Total \$
Current assets	5,953,641	23,450	330,824	-	6,307,915
Investments	87,650	-	-	-	87,650
Property, plant and equipment	7,144	7,191	34,172	199,790	248,297
Exploration and evaluation assets	<u>-</u>	<u>54,641</u>	<u>11,182,519</u>	<u>-</u>	<u>11,237,160</u>
	<u>6,048,435</u>	<u>85,282</u>	<u>11,547,515</u>	<u>199,790</u>	<u>17,881,022</u>

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12. Segmented Information (continued)

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