

MAWSON RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2016

Background

This discussion and analysis of financial position and results of operations is prepared as at January 11, 2017, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended November 30, 2016 of Mawson Resources Limited ("Mawson" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

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

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

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

Company Overview and Highlights

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

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

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

1. A primary target of disseminated gold mineralization at Rajapalot, where discovery of high grade and thick core sample results include 19.5m @ 7.4 g/t gold from 1.3 metres from PRAJ0006 and 5.4m @ 37.6 g/t gold from 2.5 metres from PRAJ0009 (including 1.0m @ 189.0 g/t gold from 6.9 metres) and 12.6m @ 3.6 g/t gold from 6.7 metres in PRAJ0005. This disseminated mineralization is coincident with geophysical

anomalies that extend for more than 4 kilometres. Follow up drilling produced results including 19.6m @ 7.5 g/t gold from 18.1 metres in drill hole PRAJ0107 including 5.0m @ 24.1 g/t gold from 26.7 metres with visible gold present.

- The Company's secondary target is the Rompas vein-style target area. The first drill program at South Rompas included the highlight of 6 metres at 617 g/t gold from 7 metres in drill hole ROM0011 which includes 1 metre at 3,540 g/t gold from 11 metres depth. The second drill program, conducted over the winter (December 2012 - January 2013) confirmed the presence and variable continuity within metabasalts of high grade, nuggety gold at both North and South Rompas and included results from North Rompas of 0.4 m at 395 g/t gold and 0.41% uranium in drill hole ROM0052 and at South Rompas the top 24% all assays from trenches and drilling now grade 100 g/t or more.

At this very early stage of exploration, Mawson now has indications of a mineral system that has deposited high-grade gold within an area approaching 10 km by 10 km. This is significant on a global scale. An updated NI 43-101 technical report (the "Technical Report") dated August 27, 2014 on the Rompas-Rajapalot property is filed under Mawson's profile on www.sedar.com.

Readers are encouraged to review the complete text of the Technical Report which was prepared and reviewed by Michael Hudson, as the Qualified Person for Mawson's projects. Mr. Hudson is a director, Chairman, President and Chief Executive Officer for Mawson, and a Fellow of the Australasian Institute of Mining and Metallurgy.

Corporate Update

At the Company's Annual General Meeting held on November 18, 2016 Messrs. Hudson, DeMare, Henstridge, Saxon, Maclean and Ms. Ahola were re-elected as directors of the Company. At a board of directors meeting held immediately following the AGM the directors appointed Dr. Cook as President, Mr. Hudson as Chairman and Chief Executive Officer ("CEO"), Mr. DeMare as Chief Financial Officer ("CFO") and Ms. Bermudez as corporate secretary.

As of the date of this MD&A the directors and officers of the Company are as follows:

Mr. Michael Hudson	Director, Chairman, and CEO
Dr. Nick Cook	President
Mr. Nick DeMare	Director and CFO
Mr. David Henstridge	Director
Mr. Colin Maclean	Director
Mr. Mark Saxon	Director
Ms. Noora Ahola	Director
Ms. Mariana Bermudez	Corporate Secretary

Exploration Projects

Finland

During fiscal 2016 many of the Finland claims expired under the old Finnish mining act conditions and have been re-applied, and in some cases granted, under the new Finnish Mining Act, which came into force July 1, 2012. As at November 30, 2016, the Company holds a total of 3 granted exploration permits, 11 exploration permit applications and 2 reservations.

Status of Mawson's Claims in Finland

	Number	Area (ha)
Granted Exploration Permits	3	2,469
Exploration Permit Applications	11	20,715
Reservations	2	2,247

Rompas-Rajapalot Gold Project

The Rompas-Rajapalot project is a new discovery in Northern Finland where high-grade gold has been found within an area approaching 10 km by 10 km.

Rajapalot Disseminated Gold Project

Rajapalot is located 8 kilometres to the east of the Rompas vein trend. The style of mineralization at Rajapalot is predominately sulphidic and of a disseminated or replacement style, which differs from the nuggety vein style observed at Rompas. Rajapalot is the primary target area for the Company.

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

Discovery grab samples from the Rajapalot project returned gold mineralization from three distinct areas, namely the Palokas, Joki and Rumajärvi prospects. The areas were targeted with regional geophysics and surface soil geochemistry. Rumajärvi lies 1.5 kilometres south of Palokas, while Joki is located 1 kilometre southeast of Palokas. Each prospect area is characterized by minor outcrop on a topographic high, within a predominantly swampy terrain and therefore very little in situ bedrock has been located. Little outcrop has been found between the prospect areas. As the same mineralized rock types occur in outcrop, the glacial boulders sampled and reported here are considered to be proximal to their source.

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

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

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

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

Highlighted intersections reported between December 2014 and March 2015 included:

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

The bulk weighted average of geochemical data show consistently low grade uranium within all intervals greater than 0.5 g/t gold with averages of 2.9 g/t gold and 26 ppm uranium for drill holes PRAJ0070-PRAJ0096. The true thickness of the mineralized interval is interpreted to be approximately 80% of the sampled thickness. Drilling was

performed with a Company-owned and operated, hand portable, low impact rig, below 2-5 metres of glacial till overburden in the vicinity of gold bearing glacial boulders and subcrop.

In March 2015 the results from a pseudo-3D pole-dipole induced polarization (“IP”) and resistivity survey at Palokas defined a 600 metre long conductive anomaly extending down plunge from drilled near-surface gold mineralization (ie 19.5 metres @ 7.4 g/t gold from 1.3 metres depth. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The IP area surveyed commenced more than 250 metres north of Palokas to 500 metres south of the Palokas prospect. Gold at Palokas is associated with pyrrhotite which forms the conductive and chargeable anomaly associated with drilled gold mineralization and has been confirmed by petrophysics. The thickness of the conductive body increases with depth and is open below the 250 metre investigative depth of the survey. The body plunges south and has little or no surface expression where recent near-surface drilling has provided near-miss and thinner mineralized gold hits.

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

Highlight intersections included:

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

Drilling at Palokas recommenced in August 2015 after the snow melted and the bird nesting exclusion period was over. Drill results coincide with a series of near surface geophysical anomalies and form part of a 3 kilometre target horizon within a broader district of gold mineralization discovered within a 100 km² area between the Rompas and Rajapalot project areas. Highlight intersections from this program included:

- 19.0 metres @ 5.3 g/t gold from 38.7 metres in drill hole PRAJ0109
- 9.2 metres @ 3.2 g/t gold from 82.0 metres in drill hole PRAJ0110
- 5.8 metres @ 6.2 g/t gold intersected from 39.1 metres in drill hole PRAJ0111, including 1 metre @ 19.8 g/t gold from 42.1 metres
- 20.6 metres @ 2.7 g/t gold from 56.8 metres in drill hole PRAJ0113
- 7.0 metres @ 7.2 g/t gold from 61.1 metres in drill hole PRAJ0114

Two Energold Group (“Energold”) EGD Series III rigs were mobilized to drill from December 2015 to April 2016 at Rajapalot. The primary target for this program is the Palokas prospect.

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

In March 2016, 8.4 metres @ 4.2 g/t gold from 206.0 metres in PAL0016, including 3.4 metres @ 9.5 g/t gold from 211 metres was reported. The true width is interpreted to be approximately 90% of the sampled thickness. PAL0016 was drilled 350 metres along strike from the main Palokas mineralization and is the deepest and best result drilled outside of Palokas to date. Mineralization is hosted in a sericite-quartz-pyrrhotite rock which represents a different style and stratigraphic position to Palokas.

In April 2016, the extension of the Palokas mineralization to north was reported with PAL0019 intersecting the down plunge extension of mineralization, which included 2.9 metres @ 5.9 g/t gold from 176.7 metres, including 1.0 metre @ 16.7 g/t gold from 178.7 metres. Mineralization is hosted within a 40 metre thick chlorite-tourmaline-amphibole-pyrrhotite rock, and is the deepest discovery at Palokas to date. Also reported was PAL0018 (1.0 metre @ 17.9 g/t

gold from 172.0 metres) where mineralization is hosted in altered sericitic calcsilicate-bearing albitites interpreted to be 50 metres lower in the stratigraphy than the Palokas mineralization.

Mineralized rocks were drilled over 3.5 kilometres strike during the winter 2016 program. Drill hole PAL0023 (3.0 metres @ 2.1 g/t gold from 84.4 metres) is significant as it is located 2 kilometres from Palokas, and is the most easterly hole drilled along the Palokas target horizon. The main Palokas mineralized position was found within a 100-metre thick hydrothermally altered talc-silicified-pyrrhotite-amphibole rock. The host sequence here is inverted, increasing both complexity and volume of potential host rock within the target area.

In October 2016, a 225 base-of-till (“BOT”) drill hole program was completed at the Raja prospect, located one kilometre east of Palokas. Drilling took place on a 150 metre grid, with infill drilling at closer spacing based on onsite hand-held XRF analysis and geological logging. Eight anomalous gold target areas were defined with six of these target areas followed up with 206 drill holes at 25m centres along anomalous drill traverses defined from the first program. Infill results are awaited.

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

Phase 1 consisted of:

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

Phase 2 consisted of:

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

In December 2016, Mawson announced a diamond drill program that will exceed 10,000 metres with more than 50 holes planned. The program will double the drill metres into the Rajapalot prospect, and will be the first systematic, large scale and deep test of the area. Drill rigs were expected to be mobilized in January 2017.

Additionally, a BOT drill program commenced in December 2016, with over 700 holes planned as a fast and cost effective technique to discover and test targets within a 1,425 hectare area around Palokas.

Multiple targets remain untested on the property. A thin veneer of glacial soils that average 3 to 5 metres thick cover 99% of the entire area. In combination with the ubiquitous presence of gold mineralization in both drilling and surface sampling over a large area, many areas remain untested. These include:

- Rumajärvi, located 1,500 metres south of Palokas, where 68 boulders and subcrops >0.1 g/t gold ranged from 0.11 g/t gold to 3,870 g/t gold with an average of 101.4 g/t gold and median of 0.6 g/t gold. Two holes drilled at Rumajärvi failed to find the source of the boulder train.
- Joki, which was not tested during this drill campaign, where 13 boulders and outcrops >0.1 g/t gold ranged from 0.10 g/t gold to 2,871 g/t gold with an average of 518.5 g/t gold and median of 135.5 g/t gold.
- Boardwalk, which was not tested during this drill campaign, where 13 boulders and outcrops >0.1 g/t gold ranged from 0.18 g/t gold to 221 g/t gold with an average of 38.2g/t gold and median of 1.0 g/t gold.

The Rajapalot area comprises a wide area with a variety of mineralized occurrences, apparently all related. A post-peak metamorphic, large hydrothermal system interpreted to be driven by granitoids at 1.78 Ga has deposited gold in a number of structural-stratigraphic-chemical traps:

- Palokas-style - within a stratabound package of magnesian iron formations (Mg-Fe amphiboles, chlorite, tourmaline), variably sulphidic (reduced host - pyrrhotite-ilmenite-magnetite);

- Boardwalk - a variant on Palokas where more massive chlorite-MgFe amphibole (grunerite/cumingtonite) - magnetite boulders are strongly gold anomalous;
- Joki - biotite-rich alteration of mafic rocks, locally in association with uraninite;
- Sericitic alteration of oxidised feldspathic rocks (e.g. Rumijärvi, Terry's Hammer), commonly with uraninite;
- Strongly sulphidic altered mafic rocks, more As- and Co-rich than other locations (Raja West); and
- Magnetic, biotite-muscovite (+/- K-feldspar) rocks.

A gently southern-dipping upper surface of 1.78 Ga granitoids is inferred from a combination of mapping (outcropping medium to fine grained granitoids, tourmaline pegmatites and thin granitoid dykes) and geophysical interpretation.

Mawson, in conjunction with all environmental authorities, are ensuring that all parts of these exploration programs are undertaken with minimal environmental impact. Baseline mapping of habitats and vegetation were completed during the summer and autumn. Mapping and identifying the nature values of the area ensures that threatened and endangered species are not negatively affected by exploration activities.

Geochemical sampling and shallow drilling at Rajapalot is also coincident with a versatile time domain electromagnetic ("VTEM") geophysical conductor that extends for more than 500 metres through an area with <1% outcrop, and forms part of a 3.5 kilometre target horizon between basaltic and quartzitic rocks. In addition, gradient array IP, pole-dipole IP and ground magnetic surveys have been completed at Rajapalot. The geophysical surveys tested 5 kilometres of target horizon along strike from the drill area at Palokas. Interpretation of the surveys identified multiple near-surface and high priority targets that extend to depth immediately along strike, and extending up to 4 kilometres from the drilled high grade and thick drill results discovered from surface pole-dipole induced polarization geophysical anomalies extend beyond the 150 metre nominal depth limit of the survey.

Fine disseminated gold mineralization at Palokas occurs within calcsilicate-biotite-tourmaline-pyrrhotite rocks in a contact zone between mafic rocks and relatively oxidized quartzites. The true thicknesses of the mineralized intervals are interpreted to be approximately 80% of the sampled thickness.

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

Rompas Vein Gold Project

The initial discovery area, Rompas, is a hydrothermal vein style system defined over a 6.0 kilometres strike and 200-250 metres width. Exploration on the project started in May 2010. During that year, 80 channel samples averaged 0.59 metres at 203.66 g/t gold and 0.86% uranium and during 2011 the weighted average of all 74 channel intervals was 1.40 m at 51.9 g/t gold and 0.13 % uranium. Unrepresentative grab sample results include values up to 33,200 ppm gold and 56.6% uranium oxide at Rompas.

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

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

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

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

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

- top 24% of all trench and drill assays above the lower cut of 0.5 g/t gold or 100 ppm uranium, have a grade of 100 g/t or more and the top 24% of all intersections have a grade of 0.42% uranium or higher;
- top 25% of drill intersections only have a grade of 7.7 g/t or higher;
- highest grade drill hole intersection is 3,540 g/t gold over 1 metre. The highest grade uranium intersection is 3.6% uranium over 0.6 m in a trench. The highest grade drill intersection grade of 0.7% uranium over 1.0 metres;
- mineralization in the vein system, to date, is characterized by narrow intersection widths of 1-2 metres with an average of 0.9 metre thickness;
- drilling, to date, has been shallow with 46% of intersections at 20 metres down hole depth or less; and
- 11 out of 13 holes drilled in 2013 winter drill program at South Rompas had at least one intersection that exceeded lower cut 0.5 g/t gold or 100 ppm uranium.

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

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

- Mineralization occurs on a six kilometre long, north-trending ridgeline that geophysically extends up to combined 10 kilometre strike under glacial cover to the north and south.
- Folded and attenuated veins are found both within the mafic volcanics and the enclosing calcsilicate-bearing albitites, but mineralization is almost exclusively confined the mafic rocks.
- Uraninite grains, variable in size, but some exceeding 2 cm, occur within the dol-cs-qtz veins - these have been dated at 1.95 Ga (the metamorphic age of the host rocks). It is therefore interpreted that their emplacement age is much older, but likely less than 2.3 Ga (approximate age of the Great Oxidation Event).
- Gold in the Rompas mineralized trend mostly occurs intimately with uraninite, filling fractures in association with sulphides, tellurides and gold alloys. A further association is the gold that surrounds pyrobitumen grains that in turn surround uraninite.
- Apparently very late localized gold is visible on cleavage surfaces in dolomite.

- Stage 1 of the gold mineralization is dated at 1.78 Ga based on ages of the coexisting mineral assemblages; there are no constraints on the age of gold that is paragenetically later (younger) than stage 1.

After consultation with the mining and environmental authorities a decision was also made to leave handling of the Kairamaat 1 area, which includes the Rompas vein-style prospects, to a later date to allow for additional background data to be collected and further discussions with stakeholders. This process has now started and an application for the renewal of Kairamaat 1 is expected to be ready for submission in Q1 2017. Therefore, at this stage, the Company is focussing its efforts on the Rajapalot project area which it discovered in September 2012.

Rompas-Rajapalot Regional Exploration Project

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

Surface prospecting, using radiometric methods as a pathfinder for gold, have defined high-grade gold mineralization over a 100 km² area, where less than 5% of rock outcrops. Mawson's geochemical rock chip, grab and channel sample database over this large area now contains 1,171 samples which average 212 g/t gold and 0.8% uranium. Of the 1,171 samples, 84 samples assay more than 100 g/t gold. Gold values range from 33,320 g/t gold to <0.001 g/t gold and uranium values from 49.5% to <4 ppm. Channel samples are considered representative of the in situ mineralization sampled, while grab samples are selective by nature and are unlikely to represent average grades on the property.

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

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

- the gold at the Rompas and Rajapalot projects is predominately 1.78 Ga in age;
- although the main gold mineralizing events at both locations appear very different, a similar driving force is inferred. That is, the hydrothermal systems are driven by shallowly-emplaced regional granitoids;
- the precipitation mechanisms for gold however, varies across the project areas - from uraninite-related processes (complex interplay of reactions involving bisulphide complexes through oxidation by radioactivity and release of radiogenic lead from uraninite) to reaction of hydrothermal fluids with existing iron-rich silicate and oxide rocks (e.g. Palokas). Processes involving more "standard" wall-rock redox and acidic fluids to produce white mica and sulphide should also be considered, along with classic skarns;
- the possibility of gold carried by "early, high-T" gold chloro complexes should not be discounted as a mechanism for the biotite-magnetite gold occurrences;
- a strong gravity gradient across North Rompas is interpreted to represent the edge of a shallow granite. The occurrence of gold along the Rompas trend appears to become higher temperature and more widely distributed with silicates towards the north (requires further work); and
- the Palokas iron formation is interpreted as lying approximately 500 metres vertically above the Rompas mafic rocks. Stratigraphically above this position are a series of aluminous clastic metasediments, quartzites, graphitic and bituminous schists and magnesian mafic rocks.

Rompas-Rajapalot Global Analogues

As a result of the first deep diamond drilling program over the 2016 winter, Mawson has been able to define the Rompas-Rajapalot mineralization as a Paleoproterozoic Lode Gold±Ironstone-Copper system. This well-documented deposit style has contributed more than 200 million ounces of gold at a global scale. The best analogue to Palokas is the Homestake Mine in South Dakota. However, Salobo (Brazil), and the Tanami mines in Australia are also regarded as excellent analogues.

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

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

The Rompas-Rajapalot project continues to evolve with significant advances in the understanding of similar structural-stratigraphic and fluid-rock controls on apparently contrasting mineralization styles. The adoption of a “mineral systems” approach combined with the results of the recent winter diamond drilling allows us to interpret the entire new mineralized gold camp that Mawson has defined. This new interpretation has led to the definition of more than 65 kilometres of host stratigraphy in the project area. The Paleoproterozoic Lode Gold±Ironstone-Copper target style is a geological concept and is not necessarily indicative of the mineralization style that will eventually exist on the Property. The exploration programs defined for the rest of 2016 will systematically test some of the target areas, in order to test structural and stratigraphic traps that may host this style of gold mineralization.

Environment and Permitting

The Rompas-Rajapalot project is still in the exploration phase and significant work is required before progression to an advanced exploration project. Finland has rigorous regulatory processes with strict environmental standards and we are committed at this early project stage to work with the regional and national authorities and broader stakeholder groups to develop the project in a responsible way. Mawson has completed three years of flora and water base line studies and environmental impact assessments at Rompas-Rajapalot. The Company looks forward to continuing to work closely with both the mining and environmental authorities and other stakeholders over the coming years to ensure our work is conducted according to sustainable and global best practice methods.

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

On September 13, 2016, Ms. Ahola was appointed as a director of the Company and as a member of the Environmental, Health and Safety Committee of the Company. Ms. Ahola advises the Company on the monitoring and management of key environmental plans and risks associated with Mawson’s projects to ensure that environmental factors are effectively addressed and managed. Working closely with local communities and government, Ms. Ahola manages consultants and ensures that environmental criteria are integrated into the design of exploration projects. The role is a key member of the exploration team and she is responsible for ensuring all environmental requirements are delivered on time and within scope.

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

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

sustainable manners. The Company also requires its subcontractors to the corresponding accountability in all their activities.

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

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

Certain areas of the Rompas-Rajapalot areas (namely claim areas Kairamaat 1-3) are defined as European Union Natura 2000 designated areas. Natura 2000 sites cover about 14.6% of Finland and approximately 30% of Northern Finland. Natura 2000 is the centrepiece of EU nature and biodiversity policy. It is an EU-wide ecological network of nearly 26,000 sites in the 27 EU countries, established under the 1992 Habitats Directive and covering almost 18% of the EU's land area. The aim of the network is to assure the long-term survival of Europe's most valuable and threatened species and habitats. Natura 2000 is not a system of strict nature reserves where all human activities are excluded. Whereas the network will certainly include nature reserves, most of the land is likely to continue to be privately-owned and the emphasis will be on ensuring that future management is sustainable, both ecologically and economically.

A decision was made in early July 2014 by the Finnish Safety and Chemical Agency ("TUKES") to grant modified and renewed exploration claims titled Kairamaat 2 and 3 that cover a surface area of 1,462 hectares at Mawson's Rajapalot gold project in northern Finland, that entitles Mawson to deep drill during winter conditions within Natura 2000 biodiversity areas. On May 21, 2015, the Northern Finland Administrative Court (the "Court") comprehensively rejected an initial appeal by the NGO group against the TUKES exploration permit decision. On June 18, 2015, the NGO appealed the Regional Administrative Court's decision to the Supreme Administrative Court, and during this quarter, on September 20, 2016 the Supreme Administrative Court upheld the lower court decision. The decision entitles Mawson to drill up to 123 deep diamond drill holes within Natura 2000 biodiversity areas during winter conditions and hand portable rig access during summer conditions. This is the first time the Company has gained full drill access to test the gold mineralized system across the Rajapalot area. Mawson now plans to undertake a substantial winter deep diamond drilling program of 10,000 metres, amongst other work programs, at the Palokas prospect and broader Rajapalot project area.

Over the two years, four administrative bodies representing the mining and environmental authorities and both the Regional and Supreme Administrative Courts have found that Mawson's exploration work, carried out as permitted, does not present any significant risks to nature, environment, animals, other livelihoods, or people in the Rajapalot area or its vicinity. The exploration permits are valid for a period of 3 years, the maximum time allowable under the Finnish Mining Act. The Company has been working under an enforcement order granted in October 2014 and an application to extend the permits can be made in 3-year intervals, up to a maximum of 15 years. The next renewal is in October 2017.

The Company has also been informed of the ELY-Centre ("ELY") decision in a rehabilitation administrative process, for the shallow trenches hand dug by Mawson staff during 2010/2011. The Company has already filled in the trenches as agreed with ELY during July 2015, a two-day process that the Company initiated in 2011, but was stopped from completing at the time, due to an ongoing investigation that eventually took four years. ELY's recent decision found the Company did not cause any significant boreal forest habitat damage. Initial accusations made against the Company were up to 117 hectares of boreal forest habitat damage. This expert decision is also in contrast to the separate criminal court case in 2014, where the Company was found to have diminished the representativeness and diversity of the boreal forest habitat. In addition, it was determined Mawson did not destroy any lady's slipper plants (*Cypripedium calceolus* (tikankontti) - a type of orchid). Initial accusations of up to 2,241 lady's slipper plants were made widely and publically against the Company. The decision found that a small number of fairy slipper plants (*Calypso bulbosa* (neidonkenkä) - another type of orchid) may have been damaged by the hand digging, but most

digging avoided the fairy slipper plant areas. This compared to initial accusations of damage to up to 160 fairy slipper plants that were made widely and publically.

Mawson is pleased that the ELY decision reflected the closest estimations to fact, and refuted nearly all prior accusations made against the Company, since the hand digging took place in 2010/2011. The Company however has chosen to appeal the ELY decision to the Administrative Court, as ELY concluded that the damage caused to the fairy slipper plants could be considered significant, despite there being no supportive reasoning for this finding and ELY's factual and expert findings suggesting otherwise. Given the past accusations and contrasting findings made against the Company, Mawson has taken this final step to file an appeal to ensure that the final administrative decision best reflects the facts of the case. The appeal to the administrative court will take up to one year to be heard.

Sweden

As at November 30, 2016, the Company holds a total of two claims in Sweden covering 2,416 hectares, prospective for gold.

Future Developments

In December 2016, Mawson announced a diamond drill program that will exceed 10,000 metres with more than 50 holes planned. The program will double the drill metres into the Rajapalot prospect, and will be the first systematic, large scale and deep test of the area. Drill rigs were expected to be mobilized in January 2017. Drilling will continue until April 2017.

Twenty local Finnish staff and consultants are already employed on site in northern Finland, including geologists, field technicians, environmental experts, drillers and drilling offsidiers. When all rigs are mobilized in the coming weeks more than 40 local Finnish people will be employed to execute drill programs.

Additionally, a BOT drill program commenced in December 2016, with over 700 holes planned as a fast and cost effective technique to discover and test targets within a 1,425 hectare area around Palokas. As of the date of this MD&A, 151 BOT drill holes have been completed. Drill assays are awaited.

Continued baseline mapping of species, habitats and vegetation. Up to five biologists have been collecting baseline data for plants, birds and fauna for ongoing environmental studies over the last eight weeks. After two years of detailed biological studies, the Company is now well positioned to complete Natura Assessment for the entire 16,380 hectares of granted exploration permits and application areas.

Qualified Person

The qualified person for Mawson's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

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

	Fiscal 2017		Fiscal 2016				Fiscal 2015	
	Nov 30 2016 \$	Aug 31 2016 \$	May 31 2016 \$	Feb 29 2016 \$	Nov 30 2015 \$	Aug 31 2015 \$	May 31 2015 \$	Feb 28 2015 \$
Operations:								
Revenues	Nil							
Expenses	1,276,504	(279,815)	(271,899)	(466,729)	(417,660)	(300,431)	(443,237)	(391,712)
Other items	(571,900)	5,063	(43,398)	12,149	5,771	132,872	78,697	(23,022)
Deferred income tax	Nil							
Net loss	(1,848,404)	(274,752)	(315,297)	(454,580)	(411,889)	(167,559)	(364,540)	(414,734)
Other comprehensive income (loss), net	617,198	40,662	11,638	15,327	(9,375)	12,612	(21,968)	69
Comprehensive loss	(1,231,206)	(234,090)	(303,659)	(439,253)	(421,264)	(154,947)	(386,508)	(414,665)
Basic and diluted loss per share	(0.02)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)

	Fiscal 2017		Fiscal 2016				Fiscal 2015	
	Nov 30 2016 \$	Aug 31 2016 \$	May 31 2016 \$	Feb 29 2016 \$	Nov 30 2015 \$	Aug 31 2015 \$	May 31 2015 \$	Feb 28 2015 \$
Dividends per share	Nil							
Balance Sheet:								
Working capital	3,007,038	3,480,750	3,990,281	4,812,969	4,420,107	3,995,480	4,149,868	4,747,863
Total assets	18,180,674	18,305,748	18,452,124	19,103,495	17,587,205	16,571,469	16,748,322	17,239,539
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended November 30, 2016 Compared to Three Months Ended August 31, 2016

During the three months ended November 30, 2016 (“Q2”) the Company reported a net loss of \$1,848,404 compared to a net loss of \$274,752 for the three months ended August 31, 2016 (“Q1”), an increase in loss of \$1,573,652. The increase in loss is primarily attributed to:

- (i) the recognition of share-based compensation of \$877,800 in Q2 compared to \$nil in Q1; and
- (ii) the sale of 3,500,000 common shares of Hansa Resources Limited (“Hansa”) in Q2 for proceeds of \$140,000, recognizing a realized loss on sale of investment of \$575,000.

Six Months Ended November 30, 2016 Compared to Six Months Ended November 30, 2015

During the six month period ended November 30, 2016 (the “2016 period”) the Company reported a net loss of \$2,123,156 (\$0.02 per share), an increase of \$1,543,708 from the net loss of \$579,448 (\$0.01 per share) for the six months ended November 30, 2015 (the “2015 period”). The increase is primarily attributed to:

- (i) the recognition of share-based compensation of \$877,800 in the 2016 period compared to \$nil in the 2015 period;
- (ii) the sale of 3,500,000 common shares of Hansa in the 2016 period for proceeds of \$140,000, recognizing a realized loss on sale of investment of \$575,000; and
- (iii) the recognition of a gain in the 2015 period of \$99,235 on the sale of the condominium.

Total expenses increased by \$838,228, from \$718,091 during the 2015 period to \$1,556,319 during the 2016 period. Specific expenses of variance are noted below:

- (i) incurred general exploration expenses of \$38,563 (2015 - \$21,013) relating to ongoing general activity in Finland;
- (ii) incurred corporate development expenses of \$12,184 (2015 - \$34,938). During the 2015 period the Company initiated several marketing campaigns;
- (iii) incurred travel expenses totalling \$162,007 (2015 - \$106,854). Travel expenses were higher during the 2016 period compared to the 2015 period due to increased travel to oversee exploration and evaluation assets in Finland;
- (iv) professional fees of \$123,553 (2015 - \$174,373) were incurred of which \$39,000 (2015 - \$75,000) was charged by current and former directors of the Company and \$84,553 (2015 - \$99,373) was charged by independent consultants for general corporate services. The decrease in professional fees reflects the reduction in the compensation of the Company’s directors and the general manager in Finland ;
- (v) rent expense of \$36,085 (2015 - \$23,345) was incurred for office premises in Canada and Finland. The increase in rent is due to rental of a new facility for combined office and storage of drill core and samples in Finland;
- (vi) during the 2016 period the Company recorded share-based compensation of \$877,800 (2015 - \$nil) on the granting of 4,620,000 share options. No share options were granted during the 2015 period; and
- (vi) incurred salaries and benefits of \$70,226 (2015 - \$97,505) for staffing. The primary decrease in salaries expense was due to increased recoveries of the salary relating to the Company’s Corporate Secretary during the 2016 period. See also “Related Party Disclosures - (b)(i)”.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During the 2016 period the Company reported interest income of

\$14,221 compared to \$18,072 during the 2015 period, a decrease of \$3,851. The decrease is due to lower levels of cash held throughout the 2016 period.

During the 2015 period the Company sold its condominium for net proceeds of \$292,813 and recorded a gain of \$99,235.

Financings

No financing activities were conducted during the 2016 or 2015 periods. See also “Financial Condition / Capital Resources”.

On December 2, 2016, the Company completed a non-brokered private placement of 15,000,000 units of the Company for gross proceeds of \$6,000,000. The funds will be used for drill testing of the Rompas-Rajapalot gold discovery and for general working capital purposes.

Investments

The Company’s holdings in the common shares of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value, using quoted values. During the 2016 period the Company sold 3,500,000 common shares of Hansa for proceeds of \$140,000 and recorded a realized loss on sale of investment of \$575,000. During the 2016 period the Company recorded a comprehensive gain of \$657,860 (2015 - \$3,237) for reversal of previously recognized comprehensive loss amounts on the Hansa common shares and the change in the fair values of the remaining investments. As at November 30, 2016 the quoted market value of the investments was \$38,813 compared to \$68,988 at November 30, 2015.

Exploration and Evaluation Assets

	As at November 30, 2016			As at May 31 2016		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Finland - Gold Projects	2,297,379	12,516,939	14,814,318	2,171,008	11,915,420	14,086,428
Sweden - Other Projects	7,548	741	8,289	7,548	741	8,289
	<u>2,304,927</u>	<u>12,517,680</u>	<u>14,822,607</u>	<u>2,178,556</u>	<u>11,916,161</u>	<u>14,094,717</u>

During 2016 period the Company incurred a total of \$727,890 (2015 - \$715,165) on the acquisition, exploration and evaluation of its unproven resource assets in Finland and Sweden. Details of the exploration activities conducted during the 2016 period are described in “Exploration Projects” in this MD&A.

Financial Condition / Capital Resources

As at November 30, 2016, the Company had working capital of \$3,007,038. On December 2, 2016 the Company completed a private placement and raised \$6,000,000 (\$276,000 funds received as of November 30, 2016) on the sale of 15,000,000 units of the Company at \$0.40 per unit. The Company believes that it has sufficient financial resources to conduct the winter deep diamond drill program, amongst other work programs, at the Palokas prospect and broader Rajapalot project area, and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. The Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the May 31, 2016 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Parties Disclosures

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

(a) *Transactions with Key Management Personnel*

During the 2016 and 2015 periods the following amounts were incurred with respect to the Company's Chairman and CEO (Mr. Hudson), President (Dr. Cook), and CFO (Mr. DeMare):

	2016 \$	2015 \$
Management fees - Mr. Hudson	90,000	90,000
Professional fees - Mr. DeMare	12,000	15,500
Professional fees - Mr. Cook	85,760	52,000
Share-based compensation - Mr. Hudson	190,000	-
Share-based compensation - Mr. DeMare	76,000	-
Share-based compensation - Mr. Cook	76,000	-
	<u>529,760</u>	<u>157,000</u>

Professional fees of \$85,760 (2015 - \$52,000) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at November 30, 2016, \$nil (May 31, 2016 - \$13,989) of the above amounts remained unpaid.

The Company has a management agreement with Mr. Hudson, which provides that in the event that Mr. Hudson's services as the Company's CEO 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, 2016 the amount payable under the agreement would be \$360,000.

(b) *Transactions with Other Related Parties*

(i) During the 2016 and 2015 periods the following amounts were incurred with respect to the Company's non-executive current and former directors (Messrs. Henstridge, Leathley, Saxon and Maclean and Ms. Ahola) and Corporate Secretary (Ms. Bermudez):

	2016 \$	2015 \$
Salaries - Ms. Bermudez	40,500	40,500
Professional fees - Mr. Henstridge	9,000	15,000
Professional fees - Mr. Leathley (former director) ⁽¹⁾	-	15,000
Professional fees - Mr. Saxon	9,000	15,000
Professional fees - Mr. Maclean	9,000	15,000
Fees and compensation - Ms. Ahola ⁽²⁾	24,391	-

	2016 \$	2015 \$
Share-based compensation - Ms. Bermudez	38,000	-
Share-based compensation - Mr. Henstridge	76,000	-
Share-based compensation - Mr. Saxon	76,000	-
Share-based compensation - Mr. Maclean	76,000	-
Share-based compensation - Ms. Ahola	76,000	-
	<u>433,891</u>	<u>100,500</u>

(1) Effective April 4, 2016 Mr. Leathley resigned as a director of the Company.

(2) Director and member of the Environmental Health and Safety committee.

Fees and compensation of \$20,641 (2015 - \$nil) have been capitalized to exploration and evaluation assets based on the nature of the expenditure.

As at November 30, 2016, \$nil (May 31, 2016 - \$9,000) of the above amounts remained unpaid.

- (ii) During the 2016 period the Company incurred a total of \$28,200 (2015 - \$29,550) with Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare, and \$2,010 (2015 - \$2,010) for rent. As at November 30, 2016, \$4,570 (May 31, 2016 - \$335) remained unpaid.

During the 2016 period the Company also recorded \$19,000 (2015 - \$nil) for share-based compensation for share options granted to Chase.

- (c) During the 2016 period the Company recovered \$35,725 (2015 - \$26,596) for shared office personnel and costs from Tinka Resources Limited, Leading Edge Materials Corp., (“Leading Edge”) and Tasman Metals Ltd., which was acquired by Leading Edge on August 25, 2016, public companies with common directors and officers. As at November 30, 2016, \$13,838 (May 31, 2016 - \$6,888) of the amount remained outstanding.

Risks and Uncertainties

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

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

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

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

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares without par value. As at January 11, 2017 there were 105,307,863 issued and outstanding common shares. In addition, there were 5,000,000 share options

outstanding, at exercise prices ranging from \$0.20 to \$0.45 per share and 15,378,944 warrants outstanding at exercise prices ranging from \$0.30 to \$0.60 per share.

Disclosure Controls and Procedures

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

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

Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of November 30, 2016.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on September 1, 2016 and ending on November 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.