

# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2007

### Background

This discussion and analysis of financial position and results of operation is prepared as at April 24, 2007 and should be read in conjunction with the interim consolidated financial statements and the accompanying notes for the nine months ended February 28, 2007 of Mawson Resources Limited (the "Company"). Those interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### Company Overview

The Company commenced operations on March 10, 2004. On October 28, 2004 the Company completed its initial public offering and on October 29, 2004 commenced trading of its common shares on the TSX Venture Exchange ("TSXV") under the symbol "MAW". At the end of March, 2005 the Company also listed its common shares for trading on the Frankfurt Stock Exchange under the trading symbol "MRY".

The Company is principally engaged in the acquisition and exploration for uranium projects in three European countries (Sweden, Spain and Finland).

The Company has secured expenditure commitments in excess of \$1 million per year from third parties to farm out non-core mineral assets in Sweden, via joint venture agreements with Independence Group NL, First Fortune Investments Inc. and Widerange Corporation Pty Ltd (Hodges Resources Limited). This sharing of risk provides the Company with exposure to additional exploration funding and greatly increases the chance of participating in a major discovery.

The quarter has been an active one on the corporate, acquisition and drill fronts.

Drilling commenced and is continuing, at the Tåsjö and Kläppibäcken uranium projects in Sweden. Initial results released from Tåsjö indicated multiple near-surface uranium and rare earth-mineralized horizons, which averaged five metres true thickness over an area of 100 metres by 500 metres. The consistency of grade, the strike extent and the shallow depth of uranium mineralization are most encouraging. Further drill results from a larger area at Tåsjö will be available soon. The first drill results from the Kläppibäcken project are expected within the next six weeks.

The entry of the Company into Spain was marked with the acquisition of the past-producing Don Benito historic uranium-mining centre. Additional European acquisitions included the Stensjödalen uranium prospect in Sweden, which has demonstrated high uranium grades up to 5.1% U<sub>3</sub>O<sub>8</sub> from surface outcrops. Further information will also be released in a timely manner on new projects that have been identified in the three countries where Mawson is now actively exploring for uranium (Sweden, Finland and Spain).

The Company closed two private placements during the quarter ended February 28, 2007, raising a total of \$8,690,000. The Company is now well-funded for future exploration and acquisitions, with more than \$17 million cash held at the end of the quarter.

### Forward Looking Statements

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

## Uranium Exploration Projects

### *Sweden*

#### *Kläppibäcken*

Kläppibäcken is part of the intrusive-related uranium deposit spectrum. The uranium mineralization occurs in a cataclastic to brecciated granite which is generally strongly enriched in fluorite. The fluorite content increases with the degree of brecciation, and is generally highest in the central parts of the mineralization. The width of mineralization is generally greater than 30m, and locally up to 50m or more. The historical drilling has shown that mineralization exists to greater than 150m below the surface, at least 150m along strike, and remains open both at depth and along strike. Better drill intersections included 53.1m for 0.16%  $U_3O_8$  from 30.2m in drill hole 84701 and 42.7m for 0.11%  $U_3O_8$  from 2.8m in drillhole 83705. An 8-hole drilling program is planned for February-March 2007.

Historical resource estimates were completed at Kläppibäcken by the Exploration Division of the Swedish Geological Survey ("SGAB") in 1984, using XRF and NAA analytical data separately and using two separate cut-off grades. Thirty-two drill holes for 3,951m were completed and drilling was carried out within an area approximately 150m by 200m, along a total of 6 drilling sections, with a distance of 25m between sections. The distance between holes in the same section was generally 25m. The ore resource estimation was completed using SGAB's in-house computer program, based on a polygonal sectional technique.

Following a review of the Swedish Geological Survey ("SGU") documentation and the auditing of the calculation methodology, independent qualified person Andrew Brown of GeoSynthesis Pty Ltd concluded that the historical SGU estimates at Kläppibäcken should be classified as Indicated Resources as per CIM guidelines, on the basis of the close density of drilling, checked composited grades and inter-hole continuity. Using a 300 ppm uranium lower cut-off the indicated resource at Kläppibäcken is:

- 929,756 tonnes at 0.10%  $U_3O_8$  for 897 tonnes (2.0 Mlbs) of uranium oxide ( $U_3O_8$ )

These estimates are regarded as a minimum, since the mineralization is still open laterally and at depth. A radon cap survey was completed in 2006. Radon caps measure the abundance of radon gas in soil, which is emitted as a daughter product during the natural decay of uranium. The exploration target defined as a result of this survey extends over two kilometers.

Drilling at the Kläppibäcken uranium project commenced during the quarter. A 2,000-metre diamond drill program consisting of 12 drill holes from eight drill sites has been planned. This drill program will focus on extending the mineralization along strike and testing of the semi-regional radon cap anomalies and the first drill results from the area expected within the next six weeks.

#### *Duobblon*

Duobblon is part of the acid volcanic-related uranium deposit spectrum, hosted within a locally developed, shallowly dipping suite of sedimentary and pyroclastic lithologies. Mineralization extends from 3m below surface to at least 300m vertical depth. The host ignimbrite sequence is approximately 60m thick and is known over a strike length in excess of 5 kilometres. The richest uranium concentrations occur as several 5-25m thick and 1,000m long horizons within the ignimbrite. Uranium occurs as fine pitchblende disseminations, as complex uranotitanates in association with Fe-Ti-Mn oxides and as molecular coatings associated with the sericite matrix.

Drilling was completed between 1976 to 1979 within a 200m by 100m drilling pattern by the SGU along twenty-three sections spaced approximately 200m apart over 6,000m of east-west strike. In total 55 drill holes for 10,316m of core were completed at Duobblon. The deposit was divided into three zones - western, central, and eastern. The central zone comprises the resource area and has a strike extent of approximately 1,000m which was tested by 35 drill holes containing 7,346m within twelve, 200m spaced cross sections. Hole spacing along the sections was approximately 100m. Uranium block grades were estimated as metre-% within each mineralized zone in the sections, utilizing a minimum 0.01 metre-% uranium grade-thickness. The main limitation with this technique is that a high grade thin zone has the same average as a thick low grade zone. The ore resource estimation was completed using a polygonal sectional technique based on planimetry.

Independent qualified person Andrew Brown of GeoSynthesis Pty Ltd concluded that, following his review of the SGU historical resource estimate completed at Duobblon by the SGU in 1979 and auditing of the calculation methodology, that the following historical SGU estimates at Duobblon should be classified as Inferred Resources as per CIM guidelines, on the bases of the geological continuity, wider density of drilling, checked grades and inter-hole continuity:

- 16.271 million tonnes at 0.0342% U<sub>3</sub>O<sub>8</sub> for 5266 tonnes (11.6 Mlbs) of uranium oxide

Over 70% of this occurs within three of the cross-sections, one of which has an average uranium content of 0.051% U<sub>3</sub>O<sub>8</sub>.

### *Tåsjö*

Tåsjö is part of the sedimentary uranium deposit spectrum. Uranium mineralization associated with phosphate concentrations are known globally, although the Tåsjö deposit is perhaps the oldest known to date, being Cambro-Ordovician.

At Tåsjö, the 83 drillholes that have been drilled into the Company's project over an area of approximately 10 kilometres by 20 kilometres do not provide sufficient density of data for the calculation of a NI43-101 compliant resource. However, the uranium mineralized horizon has been drill intersected over a large area. Uranium mineralization is associated with concretions of the apatite mineral carbonate-fluorapatite, which constitutes up to 20% of the rock. Mass balance calculations indicate that the uranium grade of the apatite is 0.16%, while the grade of the host Lycophoria Schist ranges between 0.03 - 0.07% U<sub>3</sub>O<sub>8</sub> and 0.11 - 0.24% rare earth metals. The combination of rare earth metals has been confirmed by check sampling.

G. Armands (1964) of the Swedish Atomic Energy Agency estimated that 75 to 150 million tonnes exist within the Tåsjö field at a grade between 0.03 - 0.07% U<sub>3</sub>O<sub>8</sub>, 0.11 - 0.24% REE, and 3.75 - 7.5% P<sub>2</sub>O<sub>5</sub> as detailed in his report "Geological Investigations in the Tåsjö area in 1963 and 1964". His estimate of the total contained metal of the field was 104 - 116 million pounds of U<sub>3</sub>O<sub>8</sub> plus 165,000-180,000 tonnes of REE and 5.63 million tonnes of P<sub>2</sub>O<sub>5</sub>. Following a review of the SGU documentation, a field visit and check analysis of core samples, independent qualified person Andrew Brown of GeoSynthesis Pty Ltd confirmed the scale of this conceptual exploration target estimate. The potential quantity and grade indicated is conceptual in nature, there has been insufficient exploration to define the target at this time and it is uncertain that further exploration will result in the definition of a resource.

During the period, a ground scintillometer survey over 1.7 kilometres by 1.6 kilometres defined a 1.1 kilometre by 0.8 kilometre surface radiometric anomaly at the Kronotorpet prospect. A 20-hole diamond drill hole program commenced in November 2006, anticipated to be completed in February 2007 with the aim of drilling this area to inferred status. Preliminary metallurgical work will be performed on these samples to determine the ability to extract uranium and rare earth mineralization from the host rock. Results are awaited.

The Company staked an additional 21 kilometre strike trend of the uranium mineralized host horizon at Tåsjö. Data from an airborne electromagnetic ("EM") survey flown in the early 1960's show a prominent EM high associated with the uranium mineralization. Claims covering an additional 21 kilometres along strike from the drill defined uranium mineralization were staked based on this EM data. The new permit area contains two historic drillholes, one of which intersected the uranium mineralization from 109.7 metres and assayed 0.91 metres for 502ppm U<sub>3</sub>O<sub>8</sub>. Three permit applications, Tåsjö nr 13, 14 and 15 have been confirmed by the Swedish Mining Inspectorate and are expected to be granted for an initial period of three years. The uranium mineralized horizon is know to extend over a vast area of 40 kilometres along strike by up to 10 kilometres width, and the Company looks forward to the results from drilling out the first 800 metres of the strike extent.

Drilling commenced and is continuing, at the Tåsjö during the quarter. Initial results indicated multiple near-surface uranium and rare earth-mineralized horizons, which averaged five metres true thickness over an area of 100 metres by 500 metres. The consistency of grade, the strike extent and the shallow depth of uranium mineralization are most encouraging. Further drill results from a larger area at Tåsjö will be available soon.

### *Flistjärn Uranium Project*

A series of high grade uranium mineralized structures have been mapped and grab or channel sampled within an area of 450 metres by 600 metres at Flistjärn. Of the 36 samples taken along mineralized structures, 30 samples assayed from 0.01% to 19.1% U<sub>3</sub>O<sub>8</sub> and averaged 1.7% U<sub>3</sub>O<sub>8</sub>. Where channel samples were taken, the mineralized structures were sampled across widths which varied between 0.2 and 0.5 metres. Seven samples or 23% percent of samples assayed higher than 0.5% U<sub>3</sub>O<sub>8</sub> and averaged 6.9% U<sub>3</sub>O<sub>8</sub>.

Uranium mineralization at Flistjärn lies on the south-western extension of a 14 kilometre long lineament which hosts a number of uranium prospects. Mineralization at Flistjärn is interpreted as vein and unconformity-related (or "Athabasca"-style), hosted by a block of Paleozoic sediments thrust over Precambrian volcanics. The project is located in the County of Jämtland close to the Norwegian border.

Individual fracture zones dip sub-vertically, trend northeast-southwest, and could be traced in outcrop for up to 450m along strike. The south western extent of the principal structure was limited by boulder scree masking outcrop. Each structure is comprised of a composite set of veins and fractures across a total width of up to 10 metres, whilst additional uranium occurrences exist in structure parallel to the thrust which divides the Paleozoic and Precambrian age sequences. Mineralization occurs as a vein fill of colloform pitchblende with lesser pyrite, chalcopyrite and galena. Samples from the current program were measured with a gamma radiation detector and subsequently assayed by XRF and ICP methods at ALS and Activation Laboratories in Vancouver and Ancaster respectively.

A 35 metre wide sandstone-bearing unit forms the basal sequence of the Paleozoic thrust slice, lying unconformably above Precambrian volcanics and below a Paleozoic phyllite sequence. All sequences in the Paleozoic thrust slice are cross-cut by uranium mineralized fractures, which are best developed where the fractures intersect the basal sandstone.

Geological mapping and an Alpha Track radon cup detector survey were completed during the period at the prospect over an area of 1,100 metres by 750 metres. This work was undertaken where previous sampling discovered high grade uranium from a series of mineralized structures. Alpha Track detectors measure the abundance of radon gas in soil, which is emitted as a daughter product during the natural decay of uranium. Results show a continuous 300 metre long anomaly above a major structural unconformity, associated with a sandstone-bearing unit within a Paleozoic thrust slice. Results from the extreme north western and south eastern end of the grid extend the anomaly over 1 kilometre.

The identification of radon anomalies along a significant strike length where high-grade uranium has been sampled at the surface highlights the potential for vein and unconformity related "Athabasca-style" uranium bodies at Flistjärn. The project is now ready for drilling and the Company will commence the permitting process

### *Other Developments*

The Company continues to refocus on exploring and developing its advanced resource uranium projects in Sweden and Spain. To this end, the Company has signed a letter of intent with a private, arm's length Australian company to farm out four non-core, early stage uranium projects in Sweden - namely the Åsnebogruvan, Nörr Döttern, Harrejokk and Sjaule projects. Pursuant to the Letter of Intent, in consideration for a cash payment of US\$50,000, the third party will have the right to enter into a binding agreement by April 22, 2007. The third party may earn an initial 51% interest in the projects by incurring US\$1 million in-ground expenditure in April 2011, with certain minimum expenditures that are required to be met annually. The third party may move to a 75% interest by fully funding any project to successful feasibility. The Company's free-carried interest shall remain at 49% until completion of a Bankable Feasibility Study

### *Finland*

The Company was granted six claim reservations in Finland in late 2006, covering three areas of known uranium mineralization in the north and east of the country. These are the Simonkorpi 1 and 2 claim reservations, the Saramäki 1 and 2 claim reservations and the Joensuunkylä 1 and 2 claim reservations. The claim reservations give the Company the sole right to apply for exploration claims in the area for 1 year and allow exploration to be undertaken up to the point of ground disturbance. Each claim area is approximately 9 square kilometers in dimension.

The Simonkorpi 1 claim reservation is located in the Posio district of northern Finland within the Kuusamo Schist Belt, which is host to numerous Fe-Co-Au-U occurrences and the sandstone-hosted Kouvertvaara uranium deposit. The

Saramäki 1 and 2 claim reservations are located in the Nilsjä district of eastern Finland and cover a uranium mineralized boulder and outcrop trend that extends over 5 kilometres. The Joensuu 1 and 2 claim reservations are located in the Juuka districts of eastern Finland within the principal uranium mineralized trend in Finland, lying 50km NW of the Paukkajänvaara sandstone-hosted uranium deposit, along the trend of the Martinmonttu and Ipati uranium projects.

At Simonkorpi 1 urananite and betafite uranium mineralization has been discovered in outcrop at Simonkorpi, associated with gold (up to 12 g/t) and copper mineralization within potassium rich granite and syenite. Fourteen diamond holes were drilled within the Simonkorpi claim reservation in the late 1970's by Finnish company, Kemi Oy. No further information has been located to date.

At Saramäki 1 and 2 claim reservations fifteen uranium bearing boulders and 25 uranium bearing outcrops have been identified within the area. The host rock to mineralization is an apatite bearing gneiss. Eight holes were drilled within the claim reservation between 1965 and 1977 by Outokumpu Oy and the Geological Survey of Finland, which failed to locate the source of the uranium mineralized boulders.

At Joensuu 1 and 2 claim reservations fourteen uranium bearing boulders and four uranium bearing outcrops have been identified within the area. The host rock to mineralization is granite gneiss. No follow up drilling has taken place.

Exploration for uranium in nuclear-friendly Finland utilizing the existing resources of our Swedish operations is a logical move for the Company. The Company will continue to interrogate the historical records of the claim reservation areas at the Geological Survey of Finland, before commencing ground work in mid-2007.

### *Spain*

The Don Benito uranium project is located in the La Haba district, Extremadura region of southwestern Spain. The district is one of two principal historic uranium mining and processing areas within the country. Application for two "Permisos de Investigación" totaling 17,837 hectares have been submitted to the Badajoz Mining Authorities of Extremadura and are expected to be granted soon for an initial period of three years. The applications cover three historic project areas: La Haba, Corredor de la Guarda and Las Cruces-Manantial.

The La Haba project includes an historic open pit uranium mine and existing resources, which are overlain by a 3,865 hectare state mineral reserve to which the Company presently has no entitlement. The Company has entered discussions with the authorities to have the state mineral reserve lifted. The applications cover a 35 kilometre trend along strike to the east and west of the mined area, following the contact of the granitic pluton which controls uranium mineralization, and the 300 metre wide black shale unit that is host to mineralization at La Haba. The Corredor de la Guarda and Las Cruces-Manantial projects lie with the applications, in a similar geological setting to La Haba.

Previous exploration of the application area has been undertaken exclusively by government agencies and comprised airborne radiometrics, IP geophysics and drilling in the 1960's, by "JEN" (Junta Energía Nuclear), followed by more extensive exploration and production from 1980 to 1990 by "ENUSA" (Empresa Nacional del Uranio, S.A.).

ENUSA concentrated on the three project areas. At La Haba, work included 607 RC/percussion holes for 26,936 metres and 102 diamond drill holes for 13,786 metres, as a precursor to resource definition and mining. To the east of La Haba within the Company's application area, 44 radiometric anomalies were defined at the Corredor de la Guarda project, where the host shales lie adjacent to granite. At Cruces-EL Manantial to the west of La Haba area, also within the Company's application area, the host sediments were covered with soil sampling, ground geophysics and radiometric measurements. The Company sees significant exploration upside in these near-mine exploration areas.

Global mined and in situ resources at La Haba total 9.4 million lbs of U<sub>3</sub>O<sub>8</sub>, 2.7 million lbs of which have been extracted during two periods of activity. From the 1960's to 1975 1.7 million lbs of U<sub>3</sub>O<sub>8</sub> were extracted at a grade of 0.12% U<sub>3</sub>O<sub>8</sub> from the El Lobo and El Pedrigal open pits. From 1980 to 1990 1.0 million lbs at a grade of 0.13% U<sub>3</sub>O<sub>8</sub> were extracted from the El Pedrigal-Intermedia-Maria Lozano open pits. From 1983 to 1990, a processing plant at site produced a refined uranium oxide product ("yellow cake"). The open pit facility ceased operation in March in 1990 due to an increasing strip ratio and the low uranium price at the time and was subsequently rehabilitated.

Significant unmined historic resources remain within the La Haba State Reserve (to which the Company presently has no entitlement), including:

- 6.0 million lbs at 0.06% U3O8 at a 200 ppm lower cut off,
- 3.0 million lbs at 0.1% U3O8 at a 600 ppm lower cut off.

The resources were calculated using a computational inverse distance method based on 3 metre horizontal benches and 40 metre square cells and is roughly analogous to the CIM definitions “Measured” and “Indicated”. The depth of the resource extends from surface to 130 metres.

The quoted resources are based on the PhD Thesis, “Petrology and Geochemistry of the Uranium Deposits of South East Badajoz” by Javier Almarza López of the University of Seville dated March 1996. These data are historical in nature and were compiled prior to the implementation of Canadian NI 43-101 reporting standards.

The Company has not completed sufficient exploration to verify the estimates and is not treating them as National Instrument compliant resources or reserves verified by a qualified person and the historical estimate should not be relied upon. The Company believes this historical resource and the data used to compile the estimate - which represent the most recent estimates and data available - are generally relevant.

#### *Future Developments*

Diamond drilling which commenced in November 2006 at Tåsjö is ongoing. Drilling at Kläppibäcken will commence in March 2007 and first results are expected in early June 2007. Work in Spain consisted of the evaluation of additional projects.

#### **Gold Exploration Projects**

The Company is in discussions with third parties to unlock the value of the Company’s non-uranium projects and to continue to focus the Company as a uranium explorer, moving to development in the shortest possible time.

#### **Selected Financial Data**

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

	Fiscal 2007			Fiscal 2006			Fiscal 2005	
	Feb. 28 2007 \$	Nov. 30, 2006 \$	Aug. 31, 2006 \$	May 31, 2006 \$	Feb. 28 2006 \$	Nov.30 2005 \$	Aug 31, 2005 \$	May 31, 2005 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(530,336)	(224,603)	(591,131)	(277,400)	(920,362)	(272,791)	(44,608)	(111,849)
Other items	61,284	116,822	44,308	41,320	(5,595)	(4,595)	Nil	(10,178)
Net income (loss)	(469,052)	(107,781)	(546,823)	(236,080)	(925,957)	(277,386)	(44,608)	(122,027)
Basic and diluted loss per share	(0.02)	(0.00)	(0.02)	(0.01)	(0.04)	(0.02)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	17,210,627	7,915,700	8,488,907	8,925,959	2,204,494	2,152,473	248,795	534,105
Total assets	20,763,728	11,031,635	11,015,708	10,991,315	3,916,264	3,752,195	1,441,885	1,583,968
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### **Results of Operations**

During the nine months ended February 28, 2007, (the “2007 period”) the Company reported a net loss of \$1,123,656 (\$0.04 per share), a decrease of \$124,295 from the net loss of \$1,247,951 (\$0.07 per share) for the nine months ended February 28, 2006 (the “2006 period”). The decrease in loss is mainly attributed to the increase in general and administrative expenses of \$108,836 and partially offset against an increase of \$216,131 in interest and other income in the 2007 period.

Total expenses increased by \$108,836 from \$1,237,234 during the 2006 period to \$1,346,070 during the 2007 period. Specific expenses of note during the 2007 period and the 2006 period are as follows:

- incurred \$20,300 in the 2007 period (2006 - \$11,650) for accounting and administration services charged by Chase Management Ltd. (“Chase”), a private corporation controlled by Mr. Nick DeMare, a director of the Company;
- incurred general exploration expenditures of \$110,422 in the 2007 period (2006 - \$64,835) relating to ongoing costs of the Company’s exploration office in Sweden. These costs include all geologist salaries which have not been charged directly to the Company’s mineral projects;
- incurred corporate development costs of \$23,963 in the 2007 period (2006 - \$47,942) for promotional materials, coverage of the Company in industry publications and newsletters and participation in investment conferences in Vancouver and San Francisco;
- incurred \$101,265 for travel expenses in the 2007 period (2006 - \$36,184), primarily for ongoing travel between Canada/Europe/Australia by the Company’s President and Vice-President of Exploration to oversee the Company’s ongoing exploration programs and review additional mineral property acquisitions;
- the Company has retained Mr. Nick Nicolaas to provide market awareness and investor relation activities. Mr. Nicolaas is paid a monthly fee of \$3,000. During the 2007 period, the Company paid \$27,000 (2006 - \$27,000) to Mr. Nicolaas. In addition, the Company had retained Pascal Geraths Gesellschaft Für Presse (“Pascal Geraths”) to provide market awareness and investor relation activities in Europe. Pascal Geraths was paid a monthly fee of € 7,500. During the 2007 period, the Company paid \$25,887 (2006 - \$58,803). The Company is in negotiations with Pascal Geraths to extend his agreement;
- paid \$105,248 in the 2007 period (2006 - \$97,096) to consultants for professional services. The Company also reimbursed \$9,000 (2006 - \$9,000) to Tumi Resources Limited, a public company with common directors, for shared administration and other costs;
- during the 2007 period, the Company incurred in total \$144,000 (2006 - \$122,000) for management and professional fees charged through Sierra Peru Pty (“Sierra”) for remuneration of Mr. Michael Hudson, the Company’s President and CEO, and Mr. Mark Saxon, the Company’s Vice-President of Exploration. The Company capitalized \$101,394 (2006 - \$84,294) to unproven mineral interests and expensed \$42,606 (2006 - \$37,706) as management fees;
- during the 2007 period, the Company granted 1,060,000 stock options and recorded compensation expense of \$827,250 relating to the granting and vesting of stock options which had been granted in prior periods. These values have been estimated using the Black-Scholes option pricing model and are non-cash amounts; and
- during the 2007 period, the Company incurred audit fees of \$9,260. The audit fees are a result of the timing of the finalization of the billings of the audit conducted on the Company’s year-end financial statements.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no revenue. Interest income is generated from cash held with the Company’s financial institution. During the 2007 period, the Company reported interest and other income of \$229,330 as compared to \$13,199 during the 2006 period. The increase is attributed to higher levels of cash held during the 2007 period.

During the 2007 period, the Company spent \$1,371,423 (2006 - \$775,245) on exploration activities on its unproven mineral interests. In total, the Company spent \$412,955 on the Vargbäcken Project, \$107,928 on the Stenberget Project and \$850,540 on its other projects. Details of the exploration activities conducted in the 2007 period are described in “Exploration Projects” in this MD&A.

During the 2007 period the Company completed a private placement of 4,600,000 units for gross proceeds of \$8,690,000 and issued 3,207,680 common shares for gross proceeds of \$1,800,145 on the exercise of stock options and warrants.

## **Financial Condition / Capital Resources**

As at February 28, 2007, the Company had working capital of \$17,210,627. The Company believes that it currently has sufficient financial resources to conduct anticipated exploration programs and meet anticipated corporate administration costs for the upcoming twelve month period. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Proposed Transactions**

The Company has no proposed transactions.

## **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the May 31, 2006 audited consolidated financial statements.

## **Changes in Accounting Policies**

The Company has no changes in accounting policies.

## **Transactions with Related Parties**

During the nine months ended February 28, 2007, the Company:

- i) incurred a total of \$50,300 (2006 - \$11,650) for accounting and administration and professional fees provided by a certain director of the Company and by a private corporation owned by a director of the Company;
- ii) incurred \$144,000 (2006 - \$122,000) for management and professional fees provided by Sierra Peru, for the services of the Company's President and CEO and for the Company's Vice President of Exploration, of which \$101,394 (2006 - \$84,294) was capitalized to unproven mineral interests and \$42,606 (2006 - \$37,706) charged to management fees; and
- iii) incurred \$9,000 (2006 - \$9,000) for shared administration and other costs with Tumi Resources Limited, a public company with common directors and officers.

As at February 28, 2007, \$20,069 (2006 - \$2,886) was outstanding to the related parties and was included in accounts payable and accrued liabilities.

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

## **Risks and Uncertainties**

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

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can

commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's material mineral properties are located in Sweden and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability 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 political stability and governmental regulations relating to the mining industry.

### **Investor Relations Activities**

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website ( [www.mawsonresources.com](http://www.mawsonresources.com) ) on a continuous basis. Effective November 1, 2004, the Company retained Mr. Nick Nicolaas to provide market awareness and investor relations activities. Mr. Nicolaas' services are provided through his company, Mining Interactive Corp. The Company pays \$3,000 per month for such services and during the 2007 period, the Company paid a total of \$27,000 (2006 - \$27,000). The arrangement may be cancelled by either party on 15 days notice.

Effective November 1, 2005, the Company entered into an agreement with Pascal Geraths Gesellschaft Fur Presse ("Pascal Geraths") to provide market awareness and investor relations activities in Europe. Pascal Geraths was paid a monthly fee of € 7,500. During the 2007 period, the Company incurred \$25,887 (2006 - \$58,803) for services provided by Pascal Geraths. The Company is in negotiations with Pascal Geraths to extend his agreement

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at April 24, 2007, there were 36,148,980 issued and outstanding common shares. In addition, there were 3,548,250 stock options outstanding, at exercise prices ranging from \$0.40 to \$2.10 per share, and 5,903,570 warrants outstanding, at exercise prices ranging from \$0.50 to \$2.75 per share.

### **Disclosure Controls and Procedures**

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the nine months ended February 28, 2007 in accordance with Canadian Generally Accepted Accounting Principles. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at February 28, 2007. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these disclosure controls and procedures were effective.