

# MAWSON RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED AUGUST 31, 2007

### Background

This discussion and analysis of financial position and results of operation is prepared as at October 30, 2007 and should be read in conjunction with the interim consolidated financial statements and the accompanying notes for the three months ended August 31, 2007 of Mawson Resources Limited (the "Company"). Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### Company Overview

The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "MAW" and on the Frankfurt Stock Exchange under the trading symbol "MRY".

The Company holds significant uranium resources in the nuclear energy reliant countries of Spain, Sweden and Finland. As the European Union reduces its reliance on carbon-based energy sources, the Company is well placed as it develops its exploration portfolio towards the sustainable production of uranium in the shortest possible time frame.

The Company is exploring an extensive uranium portfolio of 19 projects in three European countries, including five 100% owned resource-status projects.

### Corporate Update

The Company is firmly focused on the exploration and development of its advanced European uranium assets. The Company will continue to expand on its current uranium resource base through drilling, new acquisitions and potential corporate growth opportunities. The Company recently finalized two agreements, purchasing joint venture partner, North Atlantic Natural Resources AB's ("NAN" - a subsidiary of Lundin Mining AB) equity interests in the Company's gold projects for \$250,000 and subsequently vending these gold projects plus additional base metal projects to Hansa Resource Limited ("Hansa"), a publicly traded company listed on the TSXV. In consideration, the Company will receive 6,000,000 common shares and \$250,000 cash. In addition, the Company retains a 2% NSR on all properties not included in the agreement with NAN. Completion of the sale to Hansa is subject to final TSXV approval.

#### *Spain*

The Company's experienced Spanish team has been active during the quarter, securing additional uranium permits and compiling historic data from the Don Benito project. The Company now holds 11 exploration permit applications for 82,056 hectares in Spain, further information about which will be released as it is compiled. The Don Benito project is particularly significant due to the recent uranium mining history, the presence of substantial infrastructure including power and roads and the 30 kilometers of resource and reserve drilling.

The Company is on track to digitize the database from more than 30 kilometres of drilling, and all previous mining information from the Don Benito project. The NI43-101, led by Mawson's independent qualified person, Andrew Browne, will commence in late October 2007. The Company will concurrently undertake a scoping study to determine the economic parameters of reopening the Don Benito uranium mine. This study is slated for the first quarter of 2008. During the quarter, the Spanish Mining Authorities ("Junta de Extremadura") requested the "Guarantee Payment" for granting ("Admisión Definitiva") of the uranium Investigation Permits that cover the Don Benito uranium project. Mawson lodged this Guarantee Payment on June 27, 2007. The Company is now confident that the final granting ("Demarcación") of the Don Benito Investigation Permits (12684-D and 12686-D) will be complete by year's end.

## *Sweden*

A team of four geologists and eight field assistants have been active during the quarter collecting field information from the Hotagen (Kläppibäcken, Tresjöarna and Stensjödalen) and Tåsjö areas. One hundred kilometres of EM geophysical surveying was completed at Tåsjö, covering 20 kilometres of strike of the uranium host horizon. At Hotagen, 700 radon caps and 400 line kilometres of ground scintillometer surveying were completed. The Company now holds the uranium rights to 34 exploration permits for 37,020 hectares in Sweden.

New drill results were released from the Kläppibäcken and Tåsjö uranium projects in Sweden. At Kläppibäcken significant near-surface and high-grade uranium mineralization was intersected. Best results, calculated with a lower cut-off of 200ppm U3O8, included:

KLÄDD0703 :        56 metres at 0.10% U3O8 from 20 metres;  
                         including 5 metres at 0.24% U3O8 from 25 metres, and  
                         including 24.7 metres at 0.12% U3O8 from 46.3 metres;

KLÄDD0702 :        23.1 metres at 0.12% U3O8 from 18.6 metres; and  
                         8.6 metres at 0.10% U3O8 from 51.5 metres;

At Tåsjö final results were released from a 53-drill hole program. Uranium was drill tested in a mineralized sedimentary horizon from surface to typically 40 metres vertical depth, across an area covering 1,100 metres in strike and 250 metres in width. Drilling was performed on a grid of 25 or 50 metre spacing, on sections separated by 100 metres. Forty-one of the 53 drill holes intersected significant uranium mineralization, with the uranium host sequence ranging from 0.9 metres to 13 metres thickness and grading between 100 ppm to 442 ppm U3O8. The mineralized unit averaged 5.0 metres at 246 ppm U3O8.

The Company has been granted further permission to drill the Tåsjö project over a 20 kilometre strike to the northeast and southwest of the current drill area. At the Kläppibäcken uranium project, receipt of drilling approvals was delayed due to the summer break in Sweden. Two drill rigs will be mobilized to the Kläppibäcken project once approval has been given. This program is anticipated to begin in late September. Drilling is planned to recommence at Tåsjö in October.

## *Finland*

Mawson now has submitted three claim applications for 473 hectares and holds two granted claim reservations for 1,734 hectares in Finland.

Reconnaissance field work commenced at the Nuottijärvi uranium project in central Finland, one of the nation's largest known uranium deposits. An independent contracting group was sought to calculate a NI43-101 compliant resource for the project on granting, which is anticipated in January 2008.

## **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*

#### *Update on Sweden's Nuclear Policy*

Sweden's energy is provided by 47% nuclear power, 44% hydroelectric and 9% biofuels. The country is a world leader in nuclear efficiency research and disposal of nuclear waste which occurs in-country. Sweden ranks among the top countries in the world for reliance on nuclear power, as well as for power plant efficiency. Sweden's nuclear power

plants require 1,500 tonnes of uranium fuel each year, all of which is imported. The current government recently overturned a 27 year anti-nuclear power policy, and has approved the expansion of some nuclear plants.

In Sweden, the same legislation is applied to all minerals (including uranium) during the exploration phase. To gain approval for uranium mining, a company must apply to the national government for a ruling. There is no ban on uranium mining in Sweden today and the current government has stated it will review all uranium mining projects in light of the relevant legislation and environmental standards. The municipal government, where the specific project is located, retains a right of veto for uranium mining projects.

### *Kläppibäcken*

Kläppibäcken is an intrusive-related uranium deposit. 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.

The exploration division of the Swedish Geological Survey ("SGAB") completed 32 drill holes for 3,951m in the early 1980's, testing an area approximately 150m by 200m on six 25m spaced drilling sections. The distance between holes on the same section was generally 25m.

Mawson completed a radon cap survey over the Kläppibäcken project 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 kilometres. Furthermore, a ground magnetic survey was completed during in 2006, which identified an association between magnetically low areas and uranium mineralization, and highlighted a series of structural orientations.

Drilling results from Kläppibäcken came available during the quarter. Two drill holes for a total of 169 metres were completed before the spring thaw conditions prevented further drilling. The Company expects to resume drilling in late September and will have two diamond drill rigs on site to complete a 4,000 metre program. Best results, calculated with a lower cut-off of 200 ppm  $U_3O_8$ , included:

KLÄDD0703 :	56 metres at 0.10% $U_3O_8$ from 20 metres; <i>including</i> 5 metres for 0.24% $U_3O_8$ from 25 metres, and <i>including</i> 24.7 metres for 0.12% $U_3O_8$ from 46.3 metres;
KLÄDD0702 :	23.1 metres at 0.12% $U_3O_8$ from 18.6 metres; and 8.6 metres at 0.10% $U_3O_8$ from 51.5 metres;

These drill results demonstrate the quality of Kläppibäcken and the Company looks forward to commencing a major drilling program in November 2007. Environmental drill approval was received during the quarter. Mineralization commences from surface and remains open at depth. Surface indications from radon cap surveys and scintillometer traverses define the footprint of high radioactivity to over two kilometres strike, of which only 120 metres has been tested by drilling

### *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 by the SGAB between 1976 to 1979, on a 200m by 100m drilling pattern 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.

### *Tåsjö*

Tåsjö is a sediment hosted uranium deposit. 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 by former exploration permit holders 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 Lycoporia Schist ranges between 0.03 - 0.07%  $U_3O_8$  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%  $U_3O_8$ , 0.11 - 0.24% REE, and 3.75 - 7.5%  $P_2O_5$  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  $U_3O_8$  plus 165,000-180,000 tonnes of REE and 5.63 million tonnes of  $P_2O_5$ . 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.

A ground scintillometer survey defined a surface radiometric anomaly at the Kronotorpet prospect. A 53 hole diamond drilling program concluded at the Kronotorpet prospect in March 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.

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, and claims were pegged on the basis of this data. The new permit area contains two historic drillholes, one of which intersected the uranium mineralization from 109.7 metres returning 0.91 metres at 502 ppm  $U_3O_8$ . The uranium mineralized horizon is known to extend over a vast area of 40 kilometres along strike by up to 10 kilometres width.

A 53-drill hole program took place in the last two quarters of the period. Uranium was targeted in a mineralized sedimentary horizon from surface to approximately 40 metres vertical depth, across an area covering 1,100 metres in strike and 250 metres in width. Drilling was performed on a grid of 25 or 50 metre spacing, on sections separated by 100 metres. Forty-one of the 53 drill holes intersected significant uranium mineralization, with the uranium host sequence ranging from 0.9 metres to 13 metres thickness and grading between 100 ppm to 442 ppm  $U_3O_8$ . The mineralized unit averaged 5.0 metres at 246 ppm  $U_3O_8$ .

A ground electromagnetic (EM) survey was completed over a 20-kilometre strike length at Tåsjö during the year, accurately mapping the near-surface host rock to uranium mineralization. This data provides an excellent new data set to assist in targeting future drilling programs.

These drill results expand the drilled out area of near-surface uranium mineralization at Kronotorpet to over 1.1 kilometres. With the ground electromagnetic geophysical survey now having mapped the uranium mineralized horizon over 20 kilometres, the Company is well placed to continue with drill delineating this extensive mineralized system

### *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%  $U_3O_8$  and averaged 1.7%  $U_3O_8$ . 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.

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.

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 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 staked the Nuottijärvi uranium project in central Finland, one of that nation’s largest known uranium deposits during the year. Mawson’s 100%-owned claim application “Nuottijärvi 1” is approximately 100 hectares in size and has been confirmed to hold priority by the Finnish state mining authority, the Ministry of Trade & Industry (MTI).

Nuottijärvi was identified in 1959 from the discovery of a radioactive outcrop, and was followed up with various geochemical and geophysical methodologies, with drill testing by Outokumpu Oy between 1965 and 1969. Mawson gained has access to all previous publically available exploration data and drill core from the Geological Survey of Finland and Outokumpu Oy. Better drill intersections included:

PLT-NU-017:	40.7m for 0.08% U <sub>3</sub> O <sub>8</sub> from 59.9m
PLT-NU-011:	33.4m for 0.06% U <sub>3</sub> O <sub>8</sub> from 17.8m, <i>including 3.8m @ 0.13% U<sub>3</sub>O<sub>8</sub>;</i>
PLT-NJ-033:	40.3m for 0.05% U <sub>3</sub> O <sub>8</sub> from 23.0m
PLT-NU-004:	179.8m for 0.04% U <sub>3</sub> O <sub>8</sub> from 18.1m

Uranium at Nuottijärvi is present as uraninite associated with fluorapatite, within a 40 metre wide mineralized breccia, hosted by a carbonate-apatite horizon at the contact between quartzite and graphite-bearing phyllite.

In 1969, Outokumpu Oy reported a historical resource at Nuottijärvi of 2.9 million tonnes at 0.044% U<sub>3</sub>O<sub>8</sub> (2.9 million pounds of U<sub>3</sub>O<sub>8</sub>) based on 43 diamond drill holes for 6,679 metres, drilled on a 50-metre-by-50-metre drill pattern. The mineralized body is approximately 40 metres in thickness, extends from surface to a vertical depth of 80 metres, trends over a strike length of more than 400 metres, and remains open along strike and at depth.

The historical resource estimates quoted above are based on a report titled “Paltamo Nuoti Resource Calculation” by Aarto Huhma in 1969 of Outokumpu Oy. The resource was calculated using a polygonal method and is roughly analogous to CIM definitions “Indicated” and “Inferred”. Data is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. Mawson has not completed sufficient exploration to verify the estimates. Mawson is not treating them as National Instrument defined resources or reserves verified by a Qualified Person, and the historical estimate should not be relied upon. The Company does not have, and is not aware of, any more recent resource estimates that conform to the standards set out in National Instrument 43-101.

Reconnaissance field work commenced at the Nuottijärvi uranium project in central Finland, one of that nation’s largest known uranium deposits. An independent contracting group was sought to calculate a NI43-101 compliant resource for the project on granting, which is anticipated in January 2008.

The Company was also granted six claim reservations in Finland during 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.

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.

Following additional research of previous results and field mapping and sampling, the Simonkorpi and Joensuunkylä claim reservations were allowed to lapse.

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.

## ***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  $U_3O_8$ , 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  $U_3O_8$  were extracted at a grade of 0.12%  $U_3O_8$  from the El Lobo and El Pedrigal open pits. From 1980 to 1990 1.0 million lbs at a grade of 0.13%  $U_3O_8$  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%  $U_3O_8$  at a 200 ppm lower cut off,
- 3.0 million lbs at 0.1%  $U_3O_8$  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.

Mawson's experienced Spanish team has been active during the period, securing additional uranium opportunities and compiling historic data from the Don Benito project. The Company now holds 11 exploration permit applications for 82,056 hectares in Spain. Further information will be released as it is compiled.

The project is particularly significant due to the recent uranium mining history, the presence of substantial infrastructure including power and roads and the 30 kilometers of resource and reserve drilling.

#### *Future Developments*

Diamond drilling is planned to commence in November 2007 at Tåsjö. Drilling at Kläppibacken will commence in November 2007.

The Company is on track to digitize the database from more than 30 kilometres of drilling, and all previous mining information from the Don Benito project. The NI43-101, led by Mawson's independent qualified person, Andrew Browne, commenced in late October. This study is slated for the first quarter of 2008.

#### **Gold Exploration Projects**

Mawson is focused on the exploration and development of its advanced European uranium assets. The Company will continue to expand on its current uranium resource base through drilling, new acquisitions and potential corporate growth opportunities. To this end, the Company recently finalized two agreements which are described in detail in "Corporate Update" in this MD&A.

## Selected Financial Data

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

	Fiscal 2008	Fiscal 2007				Fiscal 2006		
	Aug 31 2007 \$	May 31 2007 \$	Feb 28 2007 \$	Nov 30 2006 \$	Aug 31 2006 \$	May 31 2006 \$	Feb 28 2006 \$	Nov 30 2005 \$
<b>Operations:</b>								
Revenues	Nil							
Expenses	(339,659)	(2,083,764)	(530,336)	(224,603)	(591,131)	(277,400)	(920,362)	(272,791)
Other items	162,832	147,679	61,284	116,822	44,308	41,320	(5,595)	(4,595)
Net income (loss)	(176,827)	(1,936,085)	(469,052)	(107,781)	(546,823)	(236,080)	(925,957)	(277,386)
Basic and diluted loss per share	(0.00)	(0.06)	(0.02)	(0.00)	(0.02)	(0.01)	(0.04)	(0.02)
Dividends per share	Nil							
<b>Balance Sheet:</b>								
Working capital	15,694,641	16,342,362	17,210,627	7,915,700	8,488,907	8,925,959	2,204,494	2,152,473
Total assets	20,544,237	20,667,308	20,763,728	11,031,635	11,015,708	10,991,315	3,916,264	3,752,195
Total long-term liabilities	Nil							

## Results of Operations

During the three months ended August 31, 2007 (the "2007 period") the Company reported a net loss of \$176,827 (\$0.00 per share), a decrease of \$369,996 from the net loss of \$546,823 (\$0.02 per share) for the three months ended August 31 2006 (the "2006 period"). The decrease in loss is mainly attributed to the recognition of stock based compensation of \$416,900 in the 2006 period versus \$43,425 in the 2007 period and an increase of \$114,730 in interest income from cash deposits held.

Total expenses decreased by \$251,472 from \$591,131 during the 2006 period to \$339,659 during the 2007 period. Specific expenses of note during the 2007 and 2006 periods are as follows:

- incurred \$7,000 in the 2007 period (2006 - \$4,700) 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 \$119,278 in the 2007 period (2006 - \$50,466) relating to ongoing costs of the Company's exploration offices in Sweden. Fluctuations in general exploration is affected by the level of general exploration and allocations to direct property costs;
- incurred corporate development costs of \$8,857 in the 2007 period (2006 - \$8,765) for promotional materials, coverage of the Company in industry publications and newsletters and participation in an investment conference held in Vancouver, BC;
- incurred \$20,067 for travel expenses in the 2007 period (2006 - \$9,020), 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. In addition, during the 2007 period management of the Company incurred increased travel to Europe and the United States to identify and review numerous potential acquisitions of mineral interests;
- incurred legal fees of \$21,662 (2006 - \$1,552), primarily for services in preparing and reviewing property agreements;
- incurred shareholder costs of \$11,316 (2006 - \$1,252) due to increased news dissemination activities in Canada, USA and Europe;
- the Company has retained Mr. Nick Nicolaas to provide market awareness and investor relation activities. Mr. Nicolaas is paid a monthly fee of \$5,000 through his company, Mining Interactive Corp. During the 2007 period, the Company paid \$17,000 (2006 - \$9,000) to Mr. Nicolaas. During the 2006 period, the Company had retained Pascal Geraths Gesellschaft Für Presse ("Pascal Geraths") to provide market awareness and investor relation activities in Europe for a fee of €7,500 per month. During the 2006 period, the Company paid Pascal Geraths \$32,471;

- paid \$35,340 in the 2007 period (2006 - \$27,427) to consultants for professional services and general financing services. The Company also reimbursed \$3,000 (2006 - \$3,000) 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 \$60,000 (2006 - \$48,000) 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 \$27,077 (2006 - \$28,407) to unproven mineral interests and expensed \$32,923 (2006 - \$19,593) as management fees; and
- during the 2006 period, the Company granted 770,000 stock options and recorded non-cash stock-based compensation expense of \$384,900. During the 2007 period, the Company recorded \$43,425 (2006 - \$32,000) compensation expense relating to the vesting of stock options which had been granted in prior periods.

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 income of \$169,859 as compared to \$55,129 during the 2006 period. The increase is attributed to higher levels of cash held during the 2007 period.

During the 2007 period, the Company incurred a total of \$502,868 (2006 - \$351,373) on acquisition costs and exploration activities on its unproven mineral interests. In total, the Company spent \$454,045 on its Uranium Projects and \$48,823 on its other projects. Details of the exploration activities conducted in the 2007 period are described in “Exploration Projects” in this MD&A.

#### **Financial Condition / Capital Resources**

As at August 31, 2007, the Company had working capital of \$15,694,641. 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, 2007 audited consolidated financial statements.

#### **Changes in Accounting Policies**

##### *Recent Accounting Pronouncements*

Effective June 1, 2007 the Company has adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

### *Financial Instruments - Recognition and Measurement (Section 3855)*

In accordance with this new standard, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

Upon adoption of this new standard, the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at August 31, 2007 the Company did not have any financial assets classified as available-for-sale and therefore the adoption of the standards noted above had no effect on the presentation of the Company's financial statements.

### *Comprehensive Income (Section 1530)*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a statement of comprehensive income and a new category, accumulated other comprehensive income, in the shareholders' equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale.

### **Transactions with Related Parties**

During the three months ended August 31, 2007, the Company:

- i) incurred a total of \$18,000 (2006 - \$7,700) for accounting and administration and professional fees provided by certain directors of the Company;
- ii) incurred \$60,000 (2006 - \$48,000) for management and professional fees provided by Sierra Peru, of which \$27,077 (2006 - \$28,407) was capitalized to unproven mineral interests and \$32,923 (2006 - \$19,593) charged to management fees; and
- iii) incurred \$3,000 (2006 - \$3,000) for shared administration and other costs with Tumi Resources Limited, a public company with common directors and a common officer.

As at August 31, 2007, \$31,000 (2006 - \$39,286) 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 \$5,000 per month for such services and during the 2007 period, the Company paid a total of \$17,000 (2006 - \$9,000). The arrangement may be cancelled by either party on 15 days notice.

## **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at October 30, 2007, there were 36,400,555 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 5,510,692 warrants outstanding, at exercise prices ranging from \$0.50 to \$2.75 per share.

## **Disclosure Controls and Procedures**

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

## **Internal Controls and Procedures over Financial Reporting**

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.