MAWSON RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2010 AND 2009

AUDITORS' REPORT

To the Shareholders of
Mawson Resources Limited

We have audited the consolidated balance sheets of Mawson Resources Limited as at May 31, 2010 and 2009 and the consolidated statements of loss and comprehensive loss and deficit and accumulated other comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"D&H Group LLP"

Vancouver, B.C.
August 26, 2010

Chartered Accountants

D+H Group LLP Chartered Accountants
10th Floor, 1333 West Broadway
Vancouver, British Columbia
Canada V6H 4C1
Telephone: 604 731 5881
Facsimile: 604 731 9923
Email: info@dhgroup.ca
www.DHgroup.ca
A B.C. Limited Liability Partnership of Corporations

MAWSON RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT MAY 31

	2010 $	2009 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	7,532,677	11,532,301
Short-term deposit (Note 3)	2,000,000	-
Amounts receivable	128,106	121,460
Prepaid expenses	20,907	18,692
	9,681,690	11,672,453
INVESTMENTS (Note 4)	663,544	1,312,389
CAPITAL ASSETS, net of accumulated depreciation $184,887 (2009 - $129,873)	140,921	191,497
UNPROVEN MINERAL INTERESTS (Note 5)	5,653,454	5,265,296
	16,139,609	18,441,635
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	211,740	245,984
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 6)	24,718,992	23,390,751
CONTRIBUTED SURPLUS (Note 8)	3,686,406	3,550,917
DEFICIT	(11,579,756)	(8,377,089)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(897,773)	(368,928)
	15,927,869	18,195,651
	16,139,609	18,441,635

SUBSEQUENT EVENTS (Note 15)

APPROVED BY THE DIRECTORS

"Michael Hudson" , Director

"Nick DeMare" , Director

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF
LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31

	2010 $	2009 $
EXPENSES		
Accounting and administrative	28,650	33,330
Audit	28,780	44,254
Corporate development	24,169	13,570
Depreciation	58,010	69,026
General exploration	614,754	353,746
Investor relations	49,500	63,000
Legal	42,187	23,350
Management fees	206,251	148,933
Office and sundry	32,888	23,442
Professional fees	208,930	108,815
Regulatory fees	18,210	22,150
Rent	23,140	28,008
Shareholder costs	7,734	11,585
Stock-based compensation (Note 7)	135,489	327,525
Transfer agent	6,666	7,025
Travel	130,620	94,604
	1,615,978	1,372,363
LOSS BEFORE THE FOLLOWING	(1,615,978)	(1,372,363)
OTHER ITEMS		
Interest and other income	26,140	246,755
Unrealized (loss) gain on held-for-trading investments	(120,000)	156,000
Loss on disposition of capital assets	(3,290)	-
Write-down of unproven mineral interests (Note 5)	(1,455,423)	(151,036)
Foreign exchange	(34,116)	(70,886)
	(1,586,689)	180,833
NET LOSS FOR THE YEAR	(3,202,667)	(1,191,530)
OTHER COMPREHENSIVE LOSS	(528,845)	(368,928)
COMPREHENSIVE LOSS FOR THE YEAR	(3,731,512)	(1,560,458)
LOSS PER SHARE - BASIC AND DILUTED	$(0.08)	$(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	38,245,041	36,603,295

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF DEFICIT AND
ACCUMULATED OTHER COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31

	2010 $	2009 $
DEFICIT - BEGINNING OF YEAR	(8,377,089)	(7,185,559)
NET LOSS FOR THE YEAR	(3,202,667)	(1,191,530)
DEFICIT - END OF YEAR	(11,579,756)	(8,377,089)
ACCUMULATED OTHER COMPREHENSIVE LOSS - BEGINNING OF YEAR	(368,928)	-
UNREALIZED LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	(528,845)	(368,928)
ACCUMULATED OTHER COMPREHENSIVE LOSS - END OF YEAR	(897,773)	(368,928)

The accompanying notes and schedule are an integral part of these consolidated financial statements.

MAWSON RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31

	2010 $	2009 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(3,202,667)	(1,191,530)
Adjustment for items not involving cash		
Depreciation	58,010	69,026
Stock-based compensation	135,489	327,525
Write-down of unproven mineral interests	1,455,423	151,036
Loss on disposition of capital assets	3,290	-
Unrealized loss (gain) on held-for-trading investments	120,000	(156,000)
	(1,430,455)	(799,943)
(Increase) decrease in amounts receivable	(6,646)	261,107
(Increase) decrease in prepaid expenses	(2,215)	10,796
Decrease in accounts payable and accrued liabilities	(4,175)	(46,500)
	(1,443,491)	(574,540)
INVESTING ACTIVITIES		
Expenditures on unproven mineral interests	(1,873,650)	(1,108,480)
Proceeds on disposition of unproven mineral interests held for sale	-	250,000
Purchase of capital assets	(13,060)	(7,393)
Proceeds on disposition of capital assets	2,336	-
Investments	-	(95,000)
Short-term deposit	(2,000,000)	-
	(3,884,374)	(960,873)
FINANCING ACTIVITIES		
Issuance of common shares	1,362,042	750,000
Share issue costs	(33,801)	(4,022)
	1,328,241	745,978
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(3,999,624)	(789,435)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	11,532,301	12,321,736
CASH AND CASH EQUIVALENTS- END OF YEAR	7,532,677	11,532,301
CASH AND CASH EQUIVALENTS COMPRISES:		
Cash	666,265	984,331
Term deposits	6,866,412	10,547,970
	7,532,677	11,532,301

SUPPLEMENTAL CASH FLOW INFORMATION (Note 14)

The accompanying notes and schedule are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests and is considered a development stage company as defined by Accounting Guideline No. 11 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. As at May 31, 2010, the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as unproven mineral interests represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs for the 2011 fiscal year. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the accounts of the Company and its wholly-owned Swedish subsidiaries, Mawson Sweden AB and Mawson Energi AB. Intercompany balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the assessment of recoverability and impairment of amounts capitalized as unproven mineral interests, determination of environmental obligations, depreciation of capital assets, determination of the fair value of stock options and financial instruments, and the estimation of future income tax asset valuation allowances. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and money market instruments with terms to maturity not exceeding 90 days at the date of acquisition. The Company is not exposed to significant credit or interest rate risk although cash and cash equivalents are held in excess of federally insured limits with major financial institutions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Unproven Mineral Interests

Acquisition and exploration costs directly relating to unproven mineral interests are deferred until the mineral interests to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred unproven mineral interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to verify title to mineral interests in which it has an interest, according to the usual industry standards for the stage of exploration of such interests, these procedures do not guarantee the Company's title. Such interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral interests costs or recoveries when the payments are made or received.

Capital Assets

Capital assets, which are comprised of a vehicle, computers, equipment and tools, are recorded at cost less accumulated depreciation calculated using the straight-line method over their estimated useful lives of between three and five years.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. An asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, an asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. As at May 31, 2010, the Company has determined that it does not have any material asset retirement obligations.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flows from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense over the period earned, with offsetting amounts recognized as contributed surplus.

Translation of Foreign Currencies

Integrated foreign operations are translated using the temporal method. Under this method, the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from fluctuations of foreign exchange rates have been included in the determination of income.

Income Taxes

Future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants and share option arrangements would be anti-dilutive.

Financial Instruments

Under Section 3251, *Equity* and Section 3855, *Financial Instruments - Recognition and Measurement,* all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial instuments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

balance sheet. Loans and receivables, held- to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

The Company has designated its cash and cash equivalents, short-term deposit and warrants held as held-for-trading, and its investments in common shares as available-for-sale, which are measured at fair value. Amounts receivable 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.

Comprehensive Income

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Assessing Going Concern

Section 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements for management to make an assessment of a company's ability to continue as a going concern and to use the going concern basis in the preparation of the financial statements unless management either intends to liquidate the company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon a company's ability to continue as a going concern, those uncertainties should be disclosed. The Company has performed such an assessment and has concluded that it is appropriate to present these consolidated financial statements using the going concern assumption.

Financial Instruments

Section 3862, *Financial Instruments - Disclosures*, requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement,* Section 3863, *Financial Instruments - Presentation*, and Section 3865, *Hedges*. Disclosure requirements pertaining to Section 3862 are contained in Note 12.

Section 3863, *Financial Instruments - Presentation*, enhances financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Disclosures

Section 1535, *Capital Disclosures*, establishes standards for disclosing information about an entity's capital and how it is managed. Disclosure requirements pertaining to Section 1535 are contained in Note 13.

Adoption of New Accounting Standards

Goodwill and Intangible Assets

The Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The adoption of Section 3064 did not have an impact on the Company's financial position and results of operations.

Financial Instruments

During 2009 the CICA amended Section 3862, *Financial Instruments – Disclosures*, to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - inputs that are not based on observable market data.

Effective June 1, 2009 the Company adopted the new recommendations. The additional disclosures as a result of the amended Section 3862 are contained in Note 12.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS lAS 27, *Consolidated and Separate Financial Statements,* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

3. SHORT-TERM DEPOSIT

At May 31, 2010 the Company held a one year cashable guaranteed investment certificate, invested at 1.05% per annum maturing in April 2011.

4. INVESTMENTS

	2010				
	Number	**Cost $**	**Accumulated Compre-hensive Gain (Loss) on Available-for-Sale Investment $**	**Accumulated Gain on Held-for-Trading Investment $**	**Carrying Value $**
Available-for-sale investments					
Common shares					
Hodges Resources Ltd. (“Hodges”)	1,000,000	50,317	90,727	-	141,044
Hansa Resources Limited (“Hansa”)	7,000,000	1,430,000	(975,000)	-	455,000
Tumi Resources Limited (“Tumi”)	300,000	45,000	(13,500)	-	31,500
Held-for-trading investments					
Warrants					
Hansa	1,000,000	-	-	30,000	30,000
Tumi	300,000	-	-	6,000	6,000
		1,525,317	(897,773)	36,000	663,544

4. INVESTMENTS (continued)

	2009				
	Number	**Cost $**	**Accumulated Compre-hensive Gain (Loss) on Available-for-Sale Investment $**	**Accumulated Gain on Held-for-Trading Investment $**	**Carrying Value $**
Available-for-sale investments					
Common shares					
Hodges	1,000,000	50,317	37,072	-	87,389
Hansa	7,000,000	1,430,000	(415,000)	-	1,015,000
Tumi	300,000	45,000	9,000	-	54,000
Held-for-trading investments					
Warrants					
Hansa	1,000,000	-	-	120,000	120,000
Tumi	300,000	-	-	36,000	36,000
		1,525,317	(368,928)	156,000	1,312,389

(a) During fiscal 2009 the Company received 1,000,000 common shares of Hodges, at a fair value of $50,317, from the disposition of certain of its unproven mineral interests, as described in Note 5(a). As at May 31, 2010, the quoted market value of the 1,000,000 Hodges shares was $141,044 (2009 - $87,389).

(b) The investment in Hansa comprises:

(i) 6,000,000 common shares received, at a fair value of $1,380,000, as partial consideration on the Company's disposition of certain of its unproven mineral interests; and

(ii) the purchase of 1,000,000 units of Hansa at a cost of $50,000. Each unit comprised one common share and one share purchase warrant. One warrant entitles the Company to purchase an additional common share at an exercise price of $0.10 expiring April 1, 2011. At the time of the purchase the Company had assigned $50,000 fair value to the common shares and $nil fair value to the warrants.

As at May 31, 2010, the quoted market value of the 7,000,000 common shares of Hansa was $455,000 (2009 - $1,015,000) and the fair value of the Hansa warrants was determined to be $30,000, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 155%; a risk-free interest rate of 0.75%; and an expected life of 10 months.

On April 24, 2009, the Company entered into an agreement whereby it granted an option to an individual unrelated to the Company to purchase up to 811,963 common shares of Hansa, at $0.10 per share on or before April 24, 2012. The optionee could purchase up to 405,982 common shares only if Hansa's common shares close on the TSX Venture Exchange at an average price of $0.25 over a ten day period and the remaining 405,981 common shares if the shares close at an average price of $0.35 over a ten day period. Effective June 23, 2010, the agreement was terminated.

4. INVESTMENTS (continued)

(c) During fiscal 2009 the Company purchased 300,000 units of Tumi at a cost of $45,000. Each unit comprised one common share and one share purchase warrant. One warrant entitles the Company to purchase an additional common share at an exercise price of $0.20 expiring March 25, 2010, and, thereafter, at $0.25 expiring March 25, 2011. The Company may be forced to exercise the warrants if the common shares trade on a weighted average price of $0.40 per common share for a period of 20 consecutive trading days. At the time of purchase the Company assigned $45,000 fair value to the common shares and $nil fair value to the warrants.

As at May 31, 2010, the quoted market value of the 300,000 common shares of Tumi was $31,500 (2009 - $54,000) and the fair value of the Tumi warrants was determined to be $6,000, estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; expected volatility - 97%; a risk-free interest rate of 0.75%; and an expected life of 10 months.

5. UNPROVEN MINERAL INTERESTS

	2010			2009		
	Acquisition Costs $	Exploration Expenditures $	Total $	Acquisition Costs $	Exploration Expenditures $	Total $
Uranium Properties (a)						
Sweden	259,343	3,847,712	4,107,055	171,835	3,559,694	3,731,529
Finland	1,436,512	91,920	1,528,432	11,429	67,499	78,928
Spain	-	-	-	92,245	1,221,280	1,313,525
Other Properties (b)						
Sweden	4,607	2,584	7,191	15,519	125,795	141,314
Peru	10,776	-	10,776	-	-	-
	1,711,238	3,942,216	5,653,454	291,028	4,974,268	5,265,296

(a) Uranium Properties

Sweden

The Company and Hodges has entered into an option and joint venture agreement whereby Hodges issued 1,000,000 common shares of its share capital to the Company, at a fair value of $50,317, and has agreed to incur, or pay directly to the Company, a minimum US $550,000 (US $350,000 incurred) to earn a 51% interest in eight exploration permits. Upon earning the 51% interest Hodges could then increase its interest to 75% by funding a bankable feasibility study.

As at May 31, 2010, the Company maintains a total of 30 uranium claims or claim applications in Sweden.

Finland

On April 30, 2010, the Company entered into a purchase and sale agreement with Areva Resources Finland OY (“Areva Finland”), whereby the Company paid $1,403,956 to purchase 170 claims or claim applications in Finland. See also Note 6(a).

The Company also holds eight claims or claim applications in various areas of Finland.

5. UNPROVEN MINERAL INTERESTS (continued)

Spain

During fiscal 2010 the Company surrendered its mineral exploration licenses in Spain and accordingly wrote-off $1,318,999 (2009 - $151,036) in acquisition costs and exploration expenditures.

(b) Other Properties

(i) On January 4, 2010, the Company entered into an option agreement to acquire up to a 100% interest in three exploration licenses (the "Orrbacken Project") in Sweden. The Company can acquire an initial 90% interest in the Orrbacken Project by paying a total of SEK 1,600,000, as follows:

Date	SEK	
On signing	200,000	(paid)
On first anniversary	200,000	
On second anniversary	300,000	
On third anniversary	400,000	
On fourth anniversary	500,000	
	1,600,000	

Upon acquisition of the 90% interest, the Company has the right to purchase the remaining 10% interest for SEK 5,000,000.

On January 11, 2010, the Company entered into an agreement whereby the optionee could earn a 70% interest (the "Interest") in the Company's acquired interest in the Orrbacken Project by spending AUS $2,000,000 over five years. The optionee will also pay AUS $300,000 to the Company upon the transfer of the Interest.

During fiscal 2010 the Company surrendered certain exploration permits in northern Sweden and accordingly wrote-off $136,424 in acquisition costs and exploration expenditures. As at May 31, 2010, the Company holds five base metal exploration permits in Sweden.

(ii) On March 8, 2010, the Company entered into a letter of understanding (the "LOU") with arms-length parties (the "Vendors") whereby the Company was granted an option to acquire the Vendor's 93% ownership interest in Altynor Peru SAC ("Altynor Peru") for payments totalling US $1,395,000. The Company is currently working to finalize an agreement on similar terms with the shareholder holding the remaining 7% ownership interest in Altynor Peru. Altynor Peru holds an option to purchase a 100% undivided interest in nine exploration permits (the "Alto Quemado Property") from Alto Quemado Mining Company SAC ("Alto Quemado"). Altynor Peru must make payments totalling Euro 2.56 million in 20 months to acquire 100% of the mining rights from Alto Quemado. Alto Quemado retains a 3% net smelter return which Altynor Peru may purchase. If production is not achieved within four years another payment of Euro 2.56 million is due. See also Note 15(a).

As at May 31, 2010, the Company has also staked four claim applications.

6. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:

	2010		2009	
	Shares	Amount $	Shares	Amount $
Balance, beginning of year	38,000,555	23,390,751	36,500,555	22,644,773
Issued during the year				
For cash				
private placement	4,696,698	1,362,042	1,500,000	750,000
Less share issue costs	-	(33,801)	-	(4,022)
	4,696,698	1,328,241	1,500,000	745,978
Balance, end of year	42,697,253	24,718,992	38,000,555	23,390,751

(a) During fiscal 2010 the Company completed a non-brokered private placement of 4,696,698 common shares and 4,217,042 share purchase warrants for gross proceeds of $1,362,042 with Areva NC. Each warrant entitles Areva NC to purchase an additional common share at an exercise price of $1.00 on or before May 12, 2014. The Company incurred share issue costs of $33,801 related to this financing.

(b) During fiscal 2009 the Company completed a non-brokered private placement financing of 1,500,000 units at $0.50 per unit for gross proceeds of $750,000. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at an exercise price of $0.75 on or before May 6, 2011. The Company incurred share issue costs of $4,022 related to this financing.

(c) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2010 and 2009, and the changes for the years ended on those dates is as follows:

	2010		2009	
	Warrants Outstanding	Weighted Average Exercise Price $	Warrants Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	750,000	0.75	2,299,999	2.59
Issued	4,217,012	1.00	750,000	0.75
Expired	-	-	(2,299,999)	2.59
Balance, end of year	4,967,012	0.96	750,000	0.75

6. SHARE CAPITAL (continued)

The following table summarizes information about the number of common shares reserved pursuant to warrants outstanding at May 31, 2010:

Number	Exercise Price $	Expiry Date
750,000	0.75	May 6, 2011
4,217,012	1.00	May 12, 2014
4,967,012		

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts.

During fiscal 2010 the Company granted 480,000 (2009 - 980,000) stock options to the Company's directors, employees and consultants and recorded compensation expense of $127,700 (2009 - $321,750). In addition, the Company recorded compensation expense of $7,789 (2009 - $5,775) on the vesting of stock options previously granted.

The fair value of stock options is estimated using the Black-Scholes option pricing model with the following assumptions used for the vesting or granting made during the years ended May 31, 2010 and 2009:

	2010	2009
Risk-free interest rate	1.64% - 2.31%	1.33% - 1.81%
Estimated volatility	136% - 150%	91% - 134%
Expected life	2 years - 3 years	2 years - 3 years
Expected dividend yield	0%	0%

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

A summary of the Company's stock options at May 31, 2010 and 2009, and the changes for the years ended on those dates, is presented below:

	2010		2009	
	Options Outstanding	Weighted Average Exercise Price $	Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	3,523,250	1.25	3,613,250	1.40
Granted	480,000	0.35	980,000	0.49
Expired	(2,403,250)	0.83	(1,070,000)	1.06
Balance, end of year	1,600,000	0.52	3,523,250	1.25

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The following table summarizes information about the stock options outstanding and exercisable at May 31, 2010:

Number Outstanding and Exercisable	Exercise Price $	Expiry Date
40,000	1.50	November 6, 2010
100,000	1.25	January 11, 2011
50,000	0.22	December 11, 2011
930,000	0.50	May 19, 2012
230,000	0.32	March 5, 2013
150,000	0.345	April 22, 2013
100,000	0.41	May 3, 2013
1,600,000		

8. CONTRIBUTED SURPLUS

The Company's contributed surplus at May 31, 2010 and 2009, and the changes for the years ending on those dates is presented below:

	2010 $	2009 $
Balance, beginning of year	3,550,917	3,223,392
Stock-based compensation on stock options (Note 7)	135,489	327,525
Balance, end of year	3,686,406	3,550,917

9. RELATED PARTY TRANSACTIONS

(a) During fiscal 2010, the Company:

i) incurred $125,950 (2009 - $134,130) for accounting, administration, professional fees and rent provided by certain directors of the Company or private corporations owned by the directors;

ii) incurred $227,750 (2009 - $264,000) for management fees provided by a private corporation owned by officers of the Company, of which $21,499 (2009 - $115,067) was capitalized to unproven mineral interests and $206,251 (2009 - $148,933) charged to management fees. The management agreement provides that in the event services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at $22,000 per month, is payable. If the termination had incurred on May 31, 2010, the amount payable under the agreement would be $528,000; and

iii) incurred $5,900 (2009 - $14,500) for shared administration and other costs with Tumi Resources Limited ("Tumi"), a public company with common directors and officer.

As at May 31, 2010, $4,400 (2009 - $44,250) was included in accounts payable and accrued liabilities.

9. RELATED PARTY TRANSACTIONS (continued)

(b) During fiscal 2009, the Company billed $154,455 for shared office personnel to public companies with common directors. As at May 31, 2010, $35,000 (2009 - $35,000) was included in amounts receivable. This amount was received subsequent to May 31, 2010.

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.

10. INCOME TAXES

Future income tax assets and liabilities of the Company as at May 31, 2010 and 2009, are as follows:

	2010 $	**2009** $
Future income tax assets		
Losses carried forward	1,952,800	1,151,600
Temporary difference on held-for-trading investments	(9,000)	(39,000)
Other	43,500	109,900
	1,987,300	1,222,500
Valuation allowance	(1,987,300)	(1,222,500)
Net future income tax asset	-	-

The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2010 $	**2009** $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	29.38%	30.38%
Expected income tax recovery	740,900	362,000
Effect of income tax rate changes	(34,900)	(81,900)
Foreign income tax rate differences	(17,100)	(16,100)
Non-deductible stock-based compensation	(39,800)	(99,500)
Unrealized (loss) gain on held-for-trading investments	(35,300)	47,400
Other	75,000	94,200
Unrecognized benefit of income tax losses	(888,800)	(306,100)
Actual income tax recovery	-	-

As at May 31, 2010, the Company has non-capital losses of approximately $4,152,000 and accumulated pools of approximately $174,100 for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2014 through 2030. The Company's subsidiaries in Sweden have losses for income tax purposes of approximately $3,210,000 (SEK 24,050,000) which may be carried forward indefinitely.

Other comprehensive loss includes a tax benefit of approximately $132,000 (2009 - $56,000) on the available-for-sale investments which has been fully provided for with an offsetting allowance.

11. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities in Europe and Peru. The Company is in the exploration stage and has no reportable segment revenues or operating results.

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

	2010				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Finland $	Peru $	$
Current assets	9,402,767	225,599	-	53,324	9,681,690
Investments	663,544	-	-	-	663,544
Capital assets	16,038	124,883	-	-	140,921
Unproven mineral interests	-	4,114,246	1,528,432	10,776	5,653,454
	10,082,349	4,464,728	1,528,432	64,100	16,139,609

	2009				
	Corporate	Mineral Operations			Total
	Canada $	Sweden $	Spain $	Finland $	$
Current assets	11,134,459	537,994	-	-	11,672,453
Investments	1,312,389	-	-	-	1,312,389
Capital assets	16,022	175,475	-	-	191,497
Unproven mineral interests	-	3,872,843	1,313,525	78,928	5,265,296
	12,462,870	4,586,132	1,313,525	78,928	18,441,635

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Under Canadian GAAP financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

Financial Instrument	Category	2010 $	2009 $
Cash and cash equivalents	Held-for-trading	7,532,667	11,532,301
Short-term deposit	Held-for-trading	2,000,000	-
Investments - common shares	Available-for-sale	627,544	1,156,389
Investments - warrants	Held-for-trading	36,000	156,000
Amounts receivable	Loans and receivables	128,106	121,460
Accounts payable and accrued liabilities	Other liabilities	(211,740)	(245,984)

The recorded amounts for cash and cash equivalents, short-term deposit, amount receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's carrying value and fair value of cash and cash equivalents, short-term deposit and common shares investments under the fair value hierarchy is measured using Level 1 inputs. The Company's carrying value and fair value of warrant investments under the fair value hierarchy is measured using Level 2 inputs.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Company prepares expenditure budgets which are regularly monitored and updated as considered necessary. To facilitate its exploration program and ongoing corporate, general and administrative overhead, the Company raises funds through private equity placements, public offerings and option agreements with third parties. As at May 31, 2010, the Company's financial liabilities consist of accounts payable and the accrued liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has significant cash balances. From time to time, the Company invests its excess cash in money market instruments issued by major financial institutions. The term of such instruments does not exceed 90 days and as such the interest rate risk is immaterial.

Foreign Currency Exchange Rate Risk

Foreign currency rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars and Swedish Kronors ("SEK"). The Company maintains SEK bank accounts in Sweden and US Dollars and Soles in Peru to support the cash needs of its foreign operations. The Company's investment in the common shares of Hodges are held in Australian dollars. Management believes the foreign exchange risk related to currency conversions are minimal and therefore does not hedge its foreign exchange risk.

At May 31, 2010, 1 Canadian dollar was equal to 7.49 SEK, 0.96 US dollar and 2.73 Peru Soles.

Balances are as follows:

	Peru Soles	**United States Dollars**	**Swedish Kronors**	**CDN $ Equivalent**
Cash and cash equivalents	19,395	43,993	1,067,454	200,082
Amounts receivable	-	-	605,305	80,815
Accounts payable and accrued liabilities	-	-	(925,260)	(123,533)
	19,395	43,993	747,499	157,364

Based on the net exposures as of May 31, 2010, and assuming that all other variables remain constant, a 10% fluctuation on the Canadian dollar against the SEK, US dollar and Peru Soles would result in the Company's net loss being approximately $14,300 higher (or lower).

13. CAPITAL MANAGEMENT

The Company's objective when managing capital, defined as equity, is to safeguard the entity's ability to continue as a going concern, so that it can continue to acquire and explore mineral interests. The Company funds all administration and exploration programs from the issue of shares, generally through private placements. The Company prepares a budget for seasonal exploration programs and initiates equity offerings

13. CAPITAL MANAGEMENT (continued)

to ensure sufficient funds for each season's programs. If the Company is unsuccessful in raising sufficient capital, exploration programs are extended, delayed or cancelled. In order to conserve cash, the Company may issue shares to pay for properties or compensate directors, employees and contractors through stock options.

Any cash raised that is surplus to immediate requirements is invested in low-risk liquid instruments which may include bankers' acceptances or guaranteed investment certificates.

The Company is not subject to any externally imposed capital requirements.

14. SUPPLEMENTAL CASH FLOW INFORMATION

During fiscal 2010 and 2009 non-cash activities were conducted by the Company as follows:

	2010 $	2009 $
Operating activity		
(Decrease) increase in accounts payable and accrued liabilities	(39,669)	111,057
Investing activities		
Expenditures on unproven mineral interests	39,669	(111,057)
Disposition of unproven mineral interests	-	(1,430,317)
Investments	-	1,430,317
	39,669	(111,057)

Other supplemental cash flow information:

	2010 $	2009 $
Interest paid in cash	-	-
Income taxes paid in cash	-	-

15. SUBSEQUENT EVENTS

(a) On July 2, 2010, the Company and the Vendors entered into a share option agreement (the "Altynor Purchase Agreement") under which the terms of the LOU were revised. The Company can now purchase the 93% interest in Altynor Peru by making:

(i) initial deposit of US $46,500 (made);
(ii) payments totalling US $500,000 upon verification of permits on the Alto Quemado Property; and
(iii) payment of US $803,500, upon the exercise by Altynor Peru, of an underlying option payment on the Alto Quemado Property.

(b) See Notes 4(b) and 9(b).

MAWSON RESOURCES LIMITED

CONSOLIDATED SCHEDULE OF UNPROVEN MINERAL INTERESTS

FOR THE YEARS ENDED MAY 31, 2010 AND 2009

	2010						2009
	Sweden		Spain	Finland	Peru		
	Uranium Projects	Other Projects	Uranium Projects	Uranium Projects	Gold Project	Total	Total
	$	$	$	$	$	$	$
BALANCE - BEGINNING OF YEAR	3,731,529	141,314	1,313,525	78,928	-	5,265,296	4,539,081
EXPENDITURES							
Consulting	13,130	-	-	1,561	-	14,691	349,364
Database	2,060	-	-	-	-	2,060	1,879
Drilling	72,998	-	-	-	-	72,998	50,403
Equipment rental	-	-	-	-	-	-	11,066
Exploration site	14,984	-	-	-	-	14,984	55,816
Fuel	7,462	-	-	-	-	7,462	22,909
Geochemical	8,144	-	-	-	-	8,144	23,112
Geological	47,022	-	5,474	22,860	-	75,356	279,443
Logging	14,133	-	-	-	-	14,133	-
Maps	3,747	-	-	-	-	3,747	5,744
Repairs and maintenance	-	-	-	-	-	-	2,836
Salaries	54,576	-	-	-	-	54,576	133,985
Travel	27,837	-	-	-	-	27,837	36,576
Vehicle rental	21,925	-	-	-	-	21,925	21,312
Recoveries	-	-	-	-	-	-	(61,829)
	288,018	-	5,474	24,421	-	317,913	932,616
ACQUISITION COSTS							
Staking fees	-	-	-	-	10,776	10,776	-
Permits	87,508	2,301	-	1,425,083	-	1,514,892	68,991
Recoveries	-	-	-	-	-	-	(124,356)
	87,508	2,301	-	1,425,083	-	1,525,668	(55,365)
	375,526	2,301	5,474	1,449,504	10,776	1,843,581	877,251
BALANCE BEFORE THE FOLLOWING	4,107,055	143,615	1,318,999	1,528,432	10,776	7,108,877	5,416,332
WRITE-OFF	-	(136,424)	(1,318,999)	-	-	(1,455,423)	(151,036)
BALANCE - END OF YEAR	4,107,055	7,191	-	1,528,432	10,776	5,653,454	5,265,296