MAWSON RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2010

Background

This discussion and analysis of financial position and results of operation is prepared as at August 27, 2010, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended May 31, 2010 and 2009 of Mawson Resources Limited ("Mawson" or 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.

Company Overview

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

Mawson Resources Ltd is a resource acquisition and development company with metal and energy interests with a focus on the high-grade Rompas gold-uranium deposit in northern Finland and the high-grade gold-copper Alto Quemado project in southern Peru. The Company's portfolio also includes various uranium resource projects in Sweden and Finland.

Mawson has distinguished itself as the leading Scandinavian uranium exploration company, with advanced projects in Sweden and Finland. As the European Union moves to reduce its reliance on carbon-based energy sources and continues to debate energy security, Mawson is well positioned to provide Europe with the option to fuel its future.

Corporate Update

On April 30, 2010 Mawson and Areva NC, one of the world's largest integrated nuclear companies signed a set of agreements through various 100%-owned local subsidiaries under which Mawson acquired 100% of Areva's Finnish uranium exploration portfolio, as well as Areva's Finnish uranium exploration database developed over 10 years of exploring in the country. As consideration Mawson paid Areva $1,403,956 (€1 million). Areva then purchased, via a private placement, 4,696,698 common shares and 4,217,012 purchase warrants in Mawson for a total purchase price of $1,362,042. Fifty percent of the shares from the private placement remain in voluntary escrow until the final granting of certain claim applications.

The transaction involved three exploration areas secured by claims or claim applications in Finland that total approximately 16,156 hectares. The *Riutta* granted claims are located in south eastern Finland and comprise 10 claims for approximately 790 hectares. This area is considered prospective for unconformity-style uranium deposits. The *Rompas/Rumavuoma* claims are located in north central Finland and comprise 123 claim applications for approximately 11,872 hectares and are considered to be prospective for vein-style, structurally-hosted hydrothermal gold and uranium deposits. The *Asento* claims, located near to the Rompas area, consist of 37 claim applications for approximately 3,556 hectares and are considered to be prospective for vein-style, structurally-hosted hydrothermal uranium deposits hosted within Archaen granites.

SCANDINAVIAN PROJECTS

Mawson's exploration focus in Scandinavia is on the Rompas gold-uranium project in Finland and the Hotagen uranium project in Sweden.

Finland

As part of the Areva transaction, Mawson interests in Finland have increased substantially. At Rompas, Mawson has secured 95,919Ha in the Rompas area, an eight time increase from the original 11,870Ha acquired from Areva NC. The new claim holdings consist of 81,510Ha of Claim Reservations and 2,539Ha of Claim Applications.

Other areas acquired from the Areva were the *Riutta* granted claims in south eastern Finland which comprise 10 claims for approximately 790 hectares and the *Asento* claims, located near to the Rompas area, which consist of 37 claim applications for approximately 3,556 hectares.

In other areas the Company holds three claim applications and three granted claims for 477 hectares.

Rompas Gold - Uranium Project

Rompas is a new gold and uranium discovery made by AREVA in 2008 which was acquired as part of the purchase of Areva's Finnish exploration portfolio announced on April 30, 2010.

Bonanza grade gold and uranium mineralization has been discovered at surface over an area exceeding 6km in strike and 200m in width. From samples selected for assay, results include values up to 12,800 g/t gold and 43.6% uranium and are outlined in Table 1 below:

Table 1: Summary of Areva and Mawson Surface Grab Sampling at Rompas, oz/ton = troy ounce per short ton;

	Areva Gold (g/t)	**Mawson Gold (g/t)**	**Areva Uranium (ppm)**	**Mawson Uranium (ppm)**
Average	**1,146 (33.4 oz/ton)**	**224 (6.5 oz/ton)**	**27,292 (2.7%)**	**36,088 (3.6%)**
Maximum	**12,800 (373.3 oz/ton)**	**1,830 (53.4 oz/ton)**	**249,000 (24.9%)**	**435,500 (43.6%)**
Minimum	**0.1**	**0.01**	**13**	**2**
Number of Samples	**20**	**21**	**20**	**21**

AREVA selected 20 samples for assay from 150 radiometrically anomalous sites discovered to date at Rompas over a NNW-SSE trending area 6km long by 200m wide. During due diligence, Mawson collected 21 bedrock samples from two zones, the first area 400m X 100m and the second area 120m X 50m in size within a 5km strike trend (Table 1). Rocks collected by both companies for assay were grab samples taken from outcropping rock. Grab samples are selective by nature and are unlikely to represent average grades on the property. As is typical for Northern Finland, outcrop in the project area is not common. To date, no systematic channel sampling across structures has been undertaken. Of significance, some samples assayed high gold without elevated uranium, providing scope for the discovery of gold-only mineralization. Mineralization continues at the extremities of the 6km trend under glacial soil cover.

Mineralization appears to be hydrothermal in nature and fracture-controlled, hosted mainly by metavolcanics which may in part be skarnified and/or hornfelsed. Uranium is found in the form of uraninite. Native gold and uraninite are generally identified at surface in limonitic fractures within metavolcanic host rocks.

A NI43-101 technical report on the Rompas property was filed on www.sedar.com during the period. The report was prepared by Mr. John Nebocat of PGS Pacific Geological Services, a qualified and independent geologist. The main conclusions of the report are:

- Preliminary prospecting and sampling has shown that occurrences of very high grade uranium and gold exist at Rompas.
- The extent of this mineralization on the Rompas claim block is at least 6 km NNW-SSE along its long axis but may extend further in either direction.
- The mineralization appears to be hydrothermal in nature and fracture-controlled, hosted mainly by metavolcanics which may in part be skarnified and/or hornfelsed.

- Uraninite and native gold have been found in limonitic fractures within the metavolcanics and gold has been panned from many samples of limonitic colluvium.
- A possible intrusion-related, bulk-tonnage gold+uranium deposit would be the conceptual target sought based on the observations made thus far.

Mawson has budgeted a $700,000 program for the summer work program at the Rompas Au-U discovery in Finland (see "*Future Developments*" below).

Sweden

In Sweden, as at the date of this MD&A, the Company has staked 29 claims with potential for uranium totalling 23,165 hectares, one claim application for 1524 hectares and staked or joint ventured into 5 base metal exploration permits (nickel) totalling 6,298 hectares.

Hotagen Mineralized District

The Hotagen district uranium deposits are located in the north eastern portion of a geological province known as the Olden window. The Olden Window is so called as it is an isolated area of Proterozoic basement exposed as a window within younger late Precambrian - early Paleozoic sequences that form the Caledonide mountains that separate Sweden and Norway. Uranium mineralization occurs in the form of vein and breccias developed in an uranium rich granite host rock controlled principally by subvertical N-S to NNW-SSW brittle or brittle-ductile structures, which themselves are associated with or intruded by intermediate "diabase" dykes.

The Hotagen district is secured by Mawson's 8,360 hectares of exploration claims and includes the Company's Kläppibäcken project with a NI43-101 compliant indicated resource of 3.3 million pounds at 0.08% uranium oxide ("U_3O_8"). Recent results include discovery of sixty-six uranium mineralized outcrops within Mawson's exploration claims over an area of 8 kilometres by 7 kilometres surrounding the Kläppibäcken project. Sampling results from these outcrops included forty assays above 0.05% U_3O_8, which ranged from 0.05% U_3O_8 to 8.04% U_3O_8 and averaged 0.79% U_3O_8. The discovery of these uranium mineralized outcrops is significant considering that outcropping rock accounts for less than 10% of the surface area in the Hotagen district, with the remainder of the area blanketed under a thin 1-2 metre soil veneer.

During the period the Company completed a near-surface diamond drilling program at three uranium prospects (Ravinen, Kläppibäcken North and Urban Hill) at the Hotagen uranium project. The program consisted of 155 shallow diamond drill holes for 863.7 metres and tested bedrock for strike extensions of uranium mineralization beneath thin soil cover. Data from the drill program are currently being interpreted and analysed and results will be released as they are received.

SOUTH AMERICAN PROJECTS

In Peru, as at the date of this MD&A, the Company has joint ventured into 9 exploration permits totalling 5,400 hectares. The company has also staked 4 claim applications for 3000 hectares.

Alto Quemado Gold-Copper Project

In August 2010 Mawson completed an agreement to purchase 93% of a company which holds the option to acquire 100% of the Alto Quemado gold-copper project in the mineral-rich Southern Peru Mineral Belt. The Property is located in the Province of Caylloma, Department of Arequipa, 56km north of the Panamerican Highway from the town of Pedregal and 98km northwest of Arequipa. The licence area comprises of 3,800 ha with elevations between 2,900-3,300m.

The terms of the final agreement allow Mawson to acquire 93% of the stock of the optionor, Altynor Peru SAC ("Altynor"). Altynor holds an option to purchase 100% of the Alto Quemado gold-copper project from Alto Quemado Mining Company SAC ("AQMC"). The acquisition from arms length parties is based on making staged payments of US $46,500 on signing, US $500,000 on receipt of permits to drill and US $803,500 should the option with AQMC be triggered. The Company is currently working to finalize an agreement on similar terms with the shareholder holding the balance of 7% of Alytnor. If an agreement is not completed this shareholder will contribute his share of program costs or be diluted.

Alto Quemado is a significant new discovery in Peru. It was not until informal miners from 2001-2007 exposed a network of high-grade gold structures beneath a gold-depleted weathered veneer that the true potential of the area was recognized and documented by Altynor's geologists. Two styles of mineralization have been identified at the Property:

- **High-grade near-term production gold target**. Low sulphidation gold-copper mineralization present as multiple high grade (25g/t Au in oxide and +40g/t Au in sulphide) mineralized structures, typically 0.5m to 1.5m wide (locally up to 15m), and traceable for greater than 3km. Structures may contain significant copper.
- **Large tonnage copper-gold porphyry target**. The high-grade gold structures are hosted within an extensive argillic alteration system and lie adjacent to a leached porphyry exposed in outcrop that displays a strong IP response over 1.8km by 500m (remains open). Based on the IP signature, porphyry textures at surface, geochemically anomalous copper and molybdenum at surface and proximity to large porphyry copper mines, potential for the discovery of an underlying porphyry at the project is strong.

The underlying agreement between Altynor and AQMC requires Altynor to make a payment of €2.56M in 20 months from receipt of drill permits to acquire 100% of the mining rights from AQMC. The owners of AQMC retain a 3% net smelter return which Altynor may purchase. If production is not achieved within 4 years another payment of €2.56M is due. Mawson remains in discussion with the owners of AQMC to modify specific terms of the agreement.

Small scale mining took place for six years at Alto Quemado during 2001 to 2007. The average mining depth was 30 to 40m, except for one section of which went to 80m depth. The Company has been advised that monthly production from small scale mining was 100t-150t of oxide ore with an average grade between 30g/t-40g/t Au. The project has only been tested by a small amount of modern exploration and never a drill hole. Work has included an IP survey in 1997 which defined a strong chargeability/low resistivity target over an area of 1.8km by 500m which remains open.

The known strike of the high grade structural system is over 3km with a vertical extent over 200m, giving further confidence to the third dimension continuity of mineralization. The thickness of the structures ranges from 0.5m up to 2.5m and show a pinch-and-swell type behaviour with thicknesses up to 16m at La Union where the structures anastomose. Mineralization at Alto Quemado is comprised of pyrite, chalcopyrite, chalcocite, bornite, covellite, malachite, azurite, gold and with accessory gangue minerals which include quartz, sericite, chlorite, epidote, K-feldspar, micas, kaoline, carbonate, barite, hematite and limonite.

More than ten mineralized structures have been mapped at the property, however reconnaissance sampling by the underlying optionor, Altynor Peru SAC or "Altynor" (117 samples) and Mawson (21 samples) has focused to date on three main high grade mineralized structures (Ximena, Fiorella and La Banda) and one linear stockwork zone (Lomada) which have been exposed by previous artisanal mining activities. Sampling also has taken place over leached outcropping porphyry (Santa Maria) that extends over an area of approximately 850m by 400m. The gold bearing structures lie within a large argillic alteration system, fault bound to north and south and estimated to be at least 4km long and 1.3km wide which remains open along strike to the east and west. As outcrop of mineralized structures is poor Mawson believes good opportunities exist to make further discoveries. Ninety-five rockchip samples taken across the three high grade veins structures from both the Altynor and Mawson sampling programs averaged 19.9g/t Au and 2.0% Cu and ranged from 0.01-709g/t Au and 0.0-32.5% Cu.

DON BENITO, SPAIN

After a Board review of the Company's uranium assets during the year it was determined Scandinavia holds the greatest potential for further significant discoveries. In Spain, the Company no longer believed it was possible to consolidate its holdings with the State Reserve in the Don Benito area in a timely manner and therefore surrendered all its exploration leases in Spain and subsequently wrote off all expenditures.

Future Developments

Mawson has budgeted a $700,000 program for the summer work program at the Rompas Au-U discovery in Finland The work program is focussed on the 6km Au-U mineralization discovery trend to outline the extent and controls on mineralization and define the highest priority drill targets. In addition, work is underway to discover additional mineralization elsewhere within the Company's extensive 95,000 hectare land holding. The central Rompas project area is secured by claim applications and drilling and trenching will be permitted on granting of exploration claims. A team of twelve is currently onsite and will work until October to achieve the program objectives.

The exploration program over the discovery trend will include:

- A 3,200 line km heliborne magnetic-radiometrics-VLF geophysical survey over an area of approximately 21km by 8km. This survey will be undertaken in August 2010.
- Detailed mapping and prospecting over an 8km trend, with the aim to map the key structural, geological and alteration signatures associated with gold and uranium mineralization.
- A 1,200 soil and bedrock sample program over an area of 8km by 500m.

The regional program will consist of:

- A 1,000 sample regional geochemical and prospecting survey. Geochemical samples will be collected at sample sites located on 1km by 1km grid over the entire 95,000 hectare land holding.
- Construction of a geomorphological and quaternary map to level geochemical data over the regional area.
- Reprocessing of all regional geophysical data and interpretation by a specialized structural geologist with follow up reconnaissance field mapping and prospecting.

In Peru the Company has assembled a field team to prepare for an 8 month field campaign at the Alto Quemado gold-copper project in Southern Peru. The field campaign will consist of the first detailed mapping, sampling and geophysical programs to be completed on the property with the aim of defining drill targets that will be tested in 2011.

Joint Ventures

In Feb 2010 the Company announced it had signed an Option Agreement to explore the Orrbäcken nickel project, which won the annual Swedish "Mineral Hunt" Competition for 2009. Subsequent to this Option Agreement, Mawson entered a Joint Venture Agreement with Independence Group ("IGO") (www.igo.com.au), a nickel mining and exploration company listed on the Australian Stock Exchange, that provides IGO with the right to explore and advance the project.

The Orrbäcken Ni-Cu-Co Joint Venture is located 10km from the regional centre of Skellefteå in north eastern Sweden. Orrbäcken is a nickel occurrence discovered by local prospectors who identified approximately 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and interpreted to be close to source. Four boulder samples were taken by the Swedish Geological Survey from the Orrbäcken discovery. Nickel content ranged from 1.9% to 0.6% and averaged 1.0%, cobalt ranged from 0.21% to 0.05% and averaged 0.1% and copper ranged from 0.7% to 0.1% and averaged 0.3%. The boulder train is associated with a magnetic feature that is of a similar scale to other mafic intrusives that have eventually been found to host economic deposits.

IGO intends to initially test the project area using airborne EM and magnetics. The survey was planned to be flown in Q1 2010 but due to contractor issues is now scheduled to commence in the September quarter with on-ground reconnaissance field work to follow. Should results be sufficiently encouraging, ground electromagnetic surveys will be used to define drill targets with follow-up diamond drilling during the northern winter of 2010/11.

Separately in Sweden, Mawson granted a third party, ASX-listed Hodges Resources Ltd ("Hodges"), the right to earn up to 51% in the project by funding work program expenditures of US $500,000 over four years from April 2007 on four of Mawson's earlier stage uranium projects (including the Norr Döttern and Harrejokk projects in the Arvidsjaur-Areplog area) and up to 75% by fully funding any project to successful bankable feasibility. Other projects joint ventured to Hodges are Sjaule in Hotagen Åsnebogruvan in Southern Sweden. Hodges has been undertaking work programs including drilling, the data from which is yet to be made public. The area is kept in good standing by Hodges.

Diamond drill results were released during the period from the Östra Järntjärnbäcken uranium prospect located within the Arjeplog - Arvidsjaur uranium district of northern Sweden by Hodges Resources Ltd. A diamond drilling program of 6 holes for 491.4m produced the following highlights:

- 17m @ 0.1% U_30_8 from 60m in hole JTB1011
  including; 12m @ 0.12% U_30_8 from 63m and 3m @ 0.11% U_30_8 from 74m,
- 19m @ 0.03% U_30_8 from 91m in hole JTB1011
  including; 5m @ 0.07% U_30_8 from 98m
- 1m @ 0.08% U_30_8 from 35.5m in hole JTB1008 and
- 0.6m @ 0.07% U_30_8 from 58m in hole JTB1013.

Drilling completed to date has defined an area of approximately 120m x 100m of moderately dipping, multiple stacked uranium mineralized horizons which remains open to the NW and at depth. Mineralization appears to be increasing in both thickness and grade down dip. Drill widths appear to approximate true widths

Investments

The Company holds investments in three public companies:

- Hodges Resources Limited (ASX: "HDG") 1,000,000 common shares
- Hansa Resources Limited (TSXV: "HRL") 7,000,000 common shares
- Tumi Resources Limited (TSXV: "TM") 300,000 common shares

The Company also received warrants to purchase an additional 1,000,000 common shares of Hansa and 300,000 common shares of Tumi.

As at May 31, 2010, the quoted market value of the common shares of the investments was $627,544 and the fair value of the warrants, as estimated using the Black-Scholes pricing model, was $36,000.

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.

The qualified person for Mawson's projects, Mark Saxon, the Company's VP-Exploration, Director and a member of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended May 31,		
	2010 $	**2009 $**	**2008 $**
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(1,615,978)	(1,372,363)	(1,611,993)
Other items	(1,586,689)	180,833	(443,505)
Net income (loss)	(3,202,667)	(1,191,530)	(2,055,498)
Basic and diluted income (loss) per share	(0.08)	(0.03)	(0.06)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	9,469,950	11,426,469	13,890,395
Total assets	16,139,609	18,441,635	19,156,002
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2010				Fiscal 2009			
	May 31 2010 $	**Feb 28 2010 $**	**Nov 30 2009 $**	**Aug 31 2009 $**	**May 31 2009 $**	**Feb 28 2009 $**	**Nov 30 2008 $**	**Aug 31 2008 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(525,413)	(396,849)	(498,521)	(195,195)	(462,814)	(260,422)	(373,650)	(275,477)
Other items	(164,272)	(79,068)	(699,709)	(643,640)	185,396	(146,916)	70,957	71,396
Net income (loss)	(689,685)	(475,917)	(1,198,230)	(838,835)	(277,418)	(407,338)	(302,693)	(204,081)
Comprehensive income gain (loss)	31,376	(484,486)	506,464	(582,199)	57,796	90,532	(1,204,705)	(504,081)
Basic and diluted loss per share	(0.02)	(0.01)	(0.03)	(0.02)	(0.01)	(0.01)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	9,469,950	10,095,645	10,613,449	11,127,759	11,426,469	11,090,811	11,371,728	11,996,003
Total assets	16,139,609	15,272,238	16,222,397	16,870,250	18,441,635	17,098,207	17,201,449	18,419,291
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended May 31, 2010 Compared to Three Months Ended May 31, 2009

During the three months ended May 31, 2010 (the "2010 Quarter") the Company reported a net loss of $689,685 compared to a net loss of $277,418, for the three months ended May 31, 2009 (the "2009 Quarter"), an increase in loss of $412,267. The increase is attributed to the additional write-down of unproven mineral interests of $110,866 in the 2010 Quarter compared to $3,733 in the 2009 Quarter. Also during the 2010 Quarter, the Company recorded a loss of $16,000 on the valuation of investments held for trading compared to a gain of $156,000 during the 2009 Quarter.

Year Ended May 31, 2010 Compared to Year Ended May 31, 2009

During fiscal 2010 the Company reported a net loss of $3,202,667 ($0.10 per share), an increase of $2,011,137 from the net loss of $1,191,530 ($0.03 per share) for fiscal 2009. The primary factor for the increase is attributed to the write-down of unproven mineral interests of $1,455,423 in fiscal 2010 compared to a write-down of $151,036 in fiscal 2009.

Total expenses increased by $243,615 from $1,372,363 during fiscal 2009 to $1,615,978 during fiscal 2010. Specific expenses of note during fiscal 2010 are as follows:

- incurred $28,650 (2009 - $33,300) 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 $614,754 (2009 - $353,746) relating to ongoing costs of the Company's exploration office in Sweden and general exploration and property due diligence in Sweden, Finland and Peru. Fluctuations in general exploration expenses is primarily affected by allocations to direct property costs;
- incurred $130,620 for travel expenses (2009 - $94,604), primarily for ongoing travel between Canada/ Europe/Australia by Company personnel and contract geologists to oversee the Company's property acquisitions and exploration programs;
- incurred legal fees of $42,187 (2009 - $23,350), primarily for corporate services;
- the Company has retained Mining Interactive Corp. ("Mining Interactive") to provide market awareness and investor relation activities. During fiscal 2010, the Company paid Mining Interactive $49,500 (2009 - $63,000);
- paid $208,930 (2009 - $108,815) for professional services. The Company reimbursed $5,900 (2009 - $14,500) to Tumi Resources Limited, a public company with common directors, for shared administration and other costs and $90,000 (2009 - $90,000) for professional services to directors of the Company;

- incurred $227,750 (2009 - $264,000) 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 $21,499 (2009 - $115,067) to unproven mineral interests and expensed $206,251 (2009 - $148,933) as management fees; and
- the Company recorded $135,489 (2009 - $327,525) stock-based compensation expense relating to the granting and vesting of stock options;

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 on deposit with the Bank of Montreal and short-term (less than 90 days) money market instruments issued by major financial institutions. During fiscal 2010 the Company reported interest and other income of $26,140 as compared to $246,755 during fiscal 2009. The decrease in interest and other income is attributed to slightly lower levels of cash held and a significant decrease in interest yields obtained during fiscal 2010 due to low interest rates. During fiscal 2009, interest rates averaged approximately 3.3% per annum compared to a yield of approximately 0.25% per annum during fiscal 2010.

The Company's holdings in the common shares of a number of publicly held companies have been designated as available-for-sale for accounting purposes and are measured at fair value resulting in a comprehensive loss of $528,845 during fiscal 2010 compared to $368,928 during fiscal 2009. The Company's holdings in the warrants have been designated as held-for-trading for accounting purposes and are measured at fair value resulting in an unrealized loss of $120,000 during fiscal 2010 compared to an unrealized gain of $156,000 during fiscal 2009. See also "Investments" in this MD&A.

During fiscal 2010, the Company incurred a total of $1,843,581 (2009 - $877,251) on acquisition costs and exploration activities on its unproven mineral interests. In total, the Company spent $1,830,504 (2009 - $554,276) on its Uranium Projects and $13,077 (2009 - $322,975) on its other projects. During fiscal 2010 the Company wrote-off $1,455,423 (2009 - $151,036) in exploration expenditures, of which $1,318,999 was attributed to the surrendering of the exploration leases on the Don Benito project in Spain and $136,424 for the relinquishment of various permits in northern Sweden. Details of the exploration activities conducted during fiscal 2010 are described in "Exploration Projects" in this MD&A.

Financial Condition / Capital Resources

As at May 31, 2010, the Company had working capital of $9,469,950. 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, 2010 audited consolidated financial statements.

Changes in Accounting Policies

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.

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 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.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms and expects to be ready for the conversion to IFRS in advance of January 1, 2011. As part of the conversion process, the Company has offered IFRS specific training to senior financial reporting personnel and directors.

The Company's approach to the conversion to IFRS includes three phases.

Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS, was completed in 2009.

Phase Two: an in depth analysis of the impact of those areas identified under phase one, commenced in 2010.

Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at May 1, 2011, will be carried out in the second half of 2010.

At this point, the Company's IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	**Canadian GAAP (as currently applied)**	**IFRS**	**Analysis and Preliminary Conclusions**
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Depreciation is based on their useful lives after due estimation of their residual values.	Depreciation must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required.
Resource Properties	Exploration, evaluation and development costs directly relating to unproven mineral interests are deferred until the mineral interest in which they relate is placed into production, sold or abandoned	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Asset Retirement Obligations	Canadian GAAP limits the definition of ARO's to legal obligations.	IFRS defines ARO's as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in current estimates.
	ARO is calculated using a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates.	The change in calculation of ARO and the discounting process will likely generate some changes in the value of ARO on transition.
Impairment of Long Lived Assets	Impairment tests of its long-term assets are considered annually based on indications of impairment.	Impairment tests of "cash generating units" are considered annually in the presence of indications of impairment.	Assets will continue to be grouped under the Company's various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.
	Impairment tests are generally done on the basis of undiscounted future cash flows.	Impairment tests are generally carried out using the discounted future cash flow.	Impairment tests using discounted values could generate a greater likelihood of write downs in the future.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).	The determination of the value of stock-based compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled.

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and Preliminary Conclusions
Income Taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.
	All deferred income tax assets are recognized to the extent that it is "more likely than not" that the deferred income tax assets will be realized recognized.	A deferred tax asset is recognized if it is "probable" that it will be realized.	"Probable" in this context is not defined and does not necessarily mean "more likely than not". The Company is in the final stages of quantifying the impact of this difference.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company's analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company's financial statements as at April 30, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

Transactions with Related Parties

(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 $206,251 (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 $184,752 (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.

(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.

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

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) on a continuous basis. Effective November 1, 2004, the Company retained Mining Interactive to provide market awareness and investor relations activities. During fiscal 2010 the Company paid Mining Interactive a total of $49,500 (2009 - $63,000). 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 August 27, 2010, there were 42,697,253 issued and outstanding common shares. In addition, there were 1,560,000 stock options outstanding, at exercise prices ranging from $0.22 to $1.50 per share and 4,967,012 warrants outstanding at exercise prices ranging from $0.75 to $1.00 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.

In the course of evaluating internal controls over financial reporting as at May 31, 2010, management has identified the following reportable deficiencies:

(a) there is limited segregation of duties which could result in a material misstatement in the Company's financial statements. Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. However, none of these segregation of duty deficiencies resulted in material misstatement to the financial statements as the Company relies on certain compensating controls, including periodic substantive review of the financial statements by the Chief Executive Officer, Audit Committee and Board of Directors.

(b) when required, the Company records complex and non-routine transactions. These are sometimes extremely technical in nature and require an in-depth understanding of GAAP. The Company's accounting staff have only a fair and reasonable knowledge of the rules related to GAAP and the transactions may not be recorded correctly, potentially resulting in material misstatements of the financial statements of the Company.

    To address this risk, the Company consults with its third party advisors as needed in connection with the recording and reporting of complex and non-routine transactions.

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. The control framework the officers used to design the Company's internal control over financial reporting is the *Internal Control - Integrated Framework* ("COSO Framework") published by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission.

The Company is required to disclose herein any change in the Company's internal control over financial reporting that occurred during the period beginning on June 1, 2009 and ending on May 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in the Company's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.