

A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada except Québec but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, these securities may not be offered or sold directly or indirectly within the United States unless an exemption from the registration requirements of the U.S. Securities Act and state securities laws is available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED FEBRUARY 14, 2011

AMENDING AND RESTATING PRELIMINARY PROSPECTUS DATED FEBRUARY 7, 2011

Initial Public Offering

February 14, 2011



\$ ●

● Ordinary Shares

This prospectus qualifies the distribution (the “Offering”) of ● ordinary shares (the “Shares”) of Mawson West Ltd. (the “Company” or “Mawson”) at a price of \$ ● per Share (the “Offering Price”). The Shares will be issued and sold pursuant to an agency agreement (the “Agency Agreement”) dated as of ●, 2011 between the Company and Cormark Securities Inc. (“Cormark”), Raymond James Ltd., RBC Dominion Securities Inc., Paradigm Capital Inc. and Clarus Securities Inc. (together with Cormark, the “Agents”). The Offering Price was determined by negotiation between the Company and Cormark.

	Price to the Public	Agents’ Fee ⁽¹⁾	Net Proceeds to the Company ^{(2),(3)}
Per Share	\$ ●	\$ ●	\$ ●
Total	\$ ●	\$ ●	\$ ●

Notes:

- (1) Pursuant to the terms of the Agency Agreement, the Agents will be paid a cash commission (the “Commission”) equal to 6% of the gross proceeds from the sale of the Shares under the Offering. See “Plan of Distribution”.
- (2) After deducting the Commission and before deducting expenses of the Offering, including the preparation and filing of this prospectus, estimated to be approximately \$400,000, which the Company will pay from the proceeds of the Offering.
- (3) The Company has granted the Agents an over-allotment option (the “Over-Allotment Option”), exercisable in whole or in part at the sole discretion of the Agents at any time and from time to time for a period of 30 days from the closing of the Offering, to purchase or arrange for the purchase of up to an additional ● Ordinary Shares at the Offering Price, solely to cover over-allotments, if any, and for market stabilization purposes. The Company will pay to the Agents the Commission equal to 6% of the proceeds realized on the exercise of the Over-Allotment Option. The proceeds from the sale of Ordinary Shares pursuant to the exercise of the Over-Allotment Option, less the Commission and the expenses of the Agents related to the sale of Ordinary Shares pursuant to the exercise of the Over-Allotment Option, will be released to the Company on closing of the exercise of the Over-Allotment Option. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Ordinary Shares of the Company issuable upon the exercise of the Over-Allotment Option. A purchaser that acquires Ordinary Shares forming part of the Over-Allotment Option acquires those Ordinary Shares under this prospectus regardless of whether the Agents’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Agents exercise the Over-Allotment Option in full, the total Price to the Public, Agents’ Fee and Net Proceeds to the Company will be \$ ●, \$ ● and \$ ●, respectively. See “Plan of Distribution”.

The outstanding ordinary shares of the Company (the “Ordinary Shares”) are not currently listed or posted for trading on any stock exchange. The Company has applied to the Toronto Stock Exchange (the “TSX”) to list the Ordinary Shares, including the Shares issued under the Offering, for trading on the TSX. Listing of the Ordinary Shares is subject to the Company fulfilling all of the listing requirements of the TSX.

There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

Agent’s Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price or Average Acquisition Price
Over-Allotment Option	● Ordinary Shares	30 days from closing of the Offering	\$ ●

The Agents conditionally offer the Shares on a reasonable best efforts basis, subject to prior sale, if, as and when issued and sold by the Company and delivered to and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to approval of certain legal matters on behalf of the Company by Wildeboer Dellelce LLP and on behalf of the Agents by Heenan Blaikie LLP. See “*Plan of Distribution*”.

Subscriptions for Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about ● 2011 or such other date as the Company and the Agents may agree (the “**Closing Date**”), but no later than ● , 2011. The Shares are to be taken up by the Agents on or before a date not later than 90 days after the date of the receipt for the final prospectus. Except in limited circumstances, one or more book entry-only certificates representing the Shares will be issued in registered form to CDS Clearing and Depositary Services Inc. (“**CDS**”), or its nominee, and deposited with CDS on the Closing Date. A purchaser of Shares will receive only a customer confirmation from the registered dealer through which the Shares are purchased. See “*Plan of Distribution*”.

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Wildeboer Dellelce LLP and on behalf of the Agents by Heenan Blaikie LLP.

The Company’s registered and head office is located at 20 Howard Street, Perth, Western Australia, 6000, Australia.

The Company and its subsidiaries are incorporated or otherwise organized under the laws of foreign jurisdictions and all but one of the directors and officers of the Company and some or all of the experts named in this prospectus reside outside Canada. In addition, some or all of the assets of those persons and the Company and its subsidiaries are located outside of Canada. Although the Company and its directors who have signed this prospectus that reside outside of Canada have appointed Wildeboer Dellelce Corporate Services Limited, Suite 800, 365 Bay Street, Wildeboer Dellelce Place, Toronto, Ontario, Canada, M5H 2V1, as their agent for service of process in Canada, it may not be possible for investors to collect from the Company or enforce judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation against the Company, its directors and officers and certain of the experts named in this prospectus. Moreover, it may not be possible for investors to effect service of process within Canada upon some of the experts referred to above.

An investment in the Company is speculative and involves a high degree of risk. See “*Statement Regarding Forward Looking Information*” and “*Risk Factors*”.

TABLE OF CONTENTS

STATEMENT REGARDING FORWARD-LOOKING INFORMATION.....	(ii)
TECHNICAL INFORMATION.....	(ii)
FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES.....	(iii)
CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION.....	(iii)
ELIGIBILITY FOR INVESTMENT.....	(iv)
CONSOLIDATION OF ORDINARY SHARES.....	(iv)
PROSPECTUS SUMMARY.....	1
THE COMPANY.....	4
DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS.....	5
DOING BUSINESS IN THE DEMOCRATIC REPUBLIC OF THE CONGO.....	12
THE DIKULUSHI MINE.....	13
THE KAPULO PROJECT.....	31
THE LUFUKWE PROJECT.....	46
USE OF PROCEEDS.....	46
DIVIDEND RECORD AND POLICY.....	47
SELECTED CONSOLIDATED FINANCIAL INFORMATION.....	48
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	49
DESCRIPTION OF SECURITIES BEING DISTRIBUTED.....	55
CONSOLIDATED CAPITALIZATION.....	56
OPTIONS TO ACQUIRE ORDINARY SHARES.....	57
PRIOR SALES.....	58
PRICE RANGE AND TRADING VOLUME.....	58
PRINCIPAL SHAREHOLDERS.....	58
DIRECTORS AND EXECUTIVE OFFICERS.....	59
EXECUTIVE COMPENSATION.....	62
NON-EXECUTIVE DIRECTORS COMPENSATION.....	68
AUDIT COMMITTEE.....	69
CORPORATE GOVERNANCE.....	70
PLAN OF DISTRIBUTION.....	72
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	74
CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS.....	76
RISK FACTORS.....	78
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	83
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	83
AUDITORS.....	83
REGISTRAR AND TRANSFER AGENTS.....	83
MATERIAL CONTRACTS.....	83
EXPERTS.....	83
PURCHASERS’ STATUTORY RIGHTS.....	84
CONSOLIDATED FINANCIAL STATEMENTS.....	F-1
APPENDIX “A” AUDIT COMMITTEE CHARTER.....	A-1
APPENDIX “B” MANDATE OF THE BOARD OF DIRECTORS.....	B-1
CERTIFICATE OF THE COMPANY.....	C-1
CERTIFICATE OF THE AGENTS.....	C-2

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, information with respect to the future financial and operating performance of the Company, its subsidiaries and affiliates, the estimation of mineral reserves and mineral resources, realization of mineral reserve and resource estimates, costs and timing of development of the Company’s projects, costs and timing of future exploration, timing and receipt of approvals, consents and permits under applicable legislation, results of future exploration and drilling and adequacy of financial resources. Forward-looking information is often characterized by words such as “plan”, “expect”, “budget”, “target”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words or statements that certain events or conditions “may” or “will” occur.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including risks associated with investments in publicly listed companies, such as the Company; risks associated with general economic conditions; fluctuations in commodity prices and, in particular, the price of copper; the inherent risks and dangers of mining exploration and operations in general; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; risks that the current inferred resource at the Kapulo Project will not be converted to a sufficient amount of indicated or measured resources to warrant further development; general risks associated with the feasibility, development and production of each of the Company’s projects; the risk that further funding may be required, but unavailable, for the ongoing exploration, development and production of the Company’s projects; changes in government regulations, policies or legislation; unforeseen expenses; fluctuation in the exchange rate of the United States dollar, the Congolese Franc, the Australian dollar or the Canadian dollar; restrictions on the repatriation of earnings by the Company’s subsidiaries; litigation risk; risks of being unable to sell production resulting from the development of a project; foreign investment risks in the Democratic Republic of the Congo; changes in laws or regulations of the Democratic Republic of the Congo; future actions by the Government of the Democratic Republic of the Congo; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company’s property interests; uninsured hazards; disruptions to the Company’s supplies or service providers; reliance on key personnel; retention of key employees; absence of dividends; competition; and inability to effect service of process or to enforce judgments within Canada upon and against the directors, officers and experts named in this prospectus. See “*Risk Factors*”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of their experience and their perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company’s ability to carry on its exploration; development and production activities; the timely receipt of required approvals; the price of copper; the ability of the Company to operate in a safe, efficient and effective manner; and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

TECHNICAL INFORMATION

Technical information relating to the Company’s projects contained in this prospectus is derived from, and in some instances is an extract from: (i) the technical report entitled “Technical Report on the Dikulushi Copper Project, Democratic Republic of Congo” dated February 3, 2011 and prepared by David Gray, BSc Hons (Geology), MAusIMM and Ian Glacken, BSc Hons (Geology), MSc (Mining Geology), MSc (Geostatistics), Grad. Dip. Comp, DIC, FAusIMM (CP), CEng, MIMMM, both of Optiro Pty Ltd., and Adam Anderson, BSc(Hons), MAusIMM, General Manager, Resource Development of the Company (the “**Dikulushi Report**”); and (ii) the technical report entitled “Kapulo Project, DRC, National Instrument 43-101 Technical Report” dated February 3, 2011 and prepared by Steve LeBrun, BSc(Hons),

MSc, MAusIMM, MMICA of Coffey Mining Pty Ltd., Adam Anderson, BSc(Hons), MAusIMM, General Manager, Resource Development of the Company and Peter Hayward, Diploma of Metallurgy, MAusIMM of Sedgman Ltd. (the “**Kapulo Report**”, and collectively with the Dikulushi Report, the “**Technical Reports**”), each of which has been prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”).

The Technical Reports use the definitions, classifications system and guidelines of the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (the “**JORC Code**”). The resource and reserve classification system of the JORC Code is directly comparable to the resource and reserve classification system of the CIM Standards on Mineral Resources and Mineral Reserves of the Canadian Institute of Mining, Metallurgy and Petroleum (the “**CIM Standards**”).

Reference should be made to the full text of the Technical Reports, each of which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company’s profile on SEDAR at www.sedar.com. Alternatively, copies of the Technical Reports may be inspected until the day that is 30 days after the completion of the Offering during normal business hours at the offices of the Company’s Canadian legal counsel, Wildeboer Dellelce LLP at Suite 800, 365 Bay Street, Wildeboer Dellelce Place, Toronto, Ontario.

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The interim unaudited and annual audited consolidated financial statements of the Company contained in this prospectus have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) rather than Canadian generally accepted accounting principles (as determined with reference to the Handbook of the Canadian Institute of Chartered Accountants (“**Canadian GAAP**”)) and may not be comparable to financial statements of Canadian issuers. The Company has not, and is not required to, provide a reconciliation of its financial statements to Canadian GAAP.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

The financial statements included in this prospectus are reported in either Australian dollars, referenced by “A\$”, or United States dollars, referenced by “US\$”. References in this prospectus to “\$” only or “C\$” are to Canadian dollars. References in this prospectus to “CDF” are to Congolese Francs.

The following tables reflect the high, low, average and close rates of exchange in Australian dollars for one Canadian dollar and in United States dollars for one Canadian dollar during the periods noted, based on the Bank of Canada nominal noon rate of exchange.

<u>Australian dollar per Canadian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Close</u>
Three months ended September 30				
2010.	1.1203	0.9996	1.0627	1.0072
2009.	1.1306	1.0544	1.0937	1.0570
Years ended June 30				
2010.	1.1583	1.0181	1.0748	1.1120
2009.	1.3291	1.0181	1.1589	1.0680
2008.	1.1920	1.0223	1.1045	1.0267
<u>United States dollar per Canadian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Close</u>
Three months ended September 30				
2010.	0.9844	0.9381	0.9624	0.9711
2009.	0.9422	0.8580	0.9108	0.9327
Years ended June 30				
2010.	1.0039	0.8580	0.9475	0.9429
2009.	0.9984	0.7692	0.8575	0.8602
2008.	1.0905	0.9298	0.9897	0.9817

On February 11, 2011, the Bank of Canada nominal noon exchange rate for the purchase of one Australian dollar using Canadian dollars was C\$0.99 (C\$1.00 = A\$1.01). On February 11, 2011, the Bank of Canada nominal noon exchange rate for the purchase of one United States dollar using Canadian dollars was C\$0.99 (C\$1.00 = US\$1.01).

ELIGIBILITY FOR INVESTMENT

In the opinion of Wildeboer Dellelce LLP, counsel to the Company, and Heenan Blaikie LLP, counsel to the Agents, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, the Shares, if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (a “**TFSA**”), provided the Shares are listed on a “designated stock exchange” as defined in the Tax Act (and which currently includes the TSX) at the time of acquisition of the Shares.

The Shares will not be a “prohibited investment” for a trust governed by a TFSA provided the holder of the TFSA deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Company or in any corporation, partnership or trust with which the Company does not deal at arm’s length for purposes of the Tax Act. Holders of trusts governed by a TFSA should consult their own tax advisors to ensure the Shares would not be a prohibited investment in their particular circumstances.

CONSOLIDATION OF ORDINARY SHARES

On January 20, 2011, the Company completed a consolidation of its Ordinary Shares (the “**Consolidation**”) on a 1-for-4 basis, as approved by the shareholders of the Company at a meeting of the shareholders held on January 20, 2011. The Consolidation had the effect of reducing the issued and outstanding Ordinary Shares from 329,448,441 to 82,362,189. As a result of the Consolidation, the number of Ordinary Shares issuable upon exercise of all outstanding stock options of the Company was also adjusted on a 1-for-4 consolidation basis and the exercise price for such options was increased to four times the pre-Consolidation exercise price. In addition, in accordance with the terms of the Subscription Receipt Agreement (as hereinafter defined), the exchange basis for the number of Subscription Receipt Shares (as hereinafter defined) issuable upon exercise of each of the Company’s outstanding Subscription Receipts (as hereinafter defined) was adjusted to account for the Consolidation, with the result that each Subscription Receipt became exercisable for one-quarter of one (1/4) Subscription Receipt Share upon exercise thereof rather than one Ordinary Share, which was the original exchange basis at the time the Subscription Receipts were issued. Unless otherwise noted, all references herein to Shares, Subscription Receipt Shares and Ordinary Shares is on a post-Consolidation basis. See “*Description and General Development of the Business — Three Year History — Subscription Receipt Offering*” and “*Consolidated Capitalization*”.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus.

The Company:

Mawson is an Australian-based copper producer, developer and explorer. Mawson's focus is on the DRC, and its major asset is its 90% ownership of the Dikulushi Mining Convention, which is located in the Katanga Province of the DRC. The Dikulushi Mining Convention covers an exploration land package of approximately 8,000 km² and encompasses the Company's two main projects, the Dikulushi Mine and the Kapulo Project, as well as the Company's exploration targets, including the Lufukwe Project.

The Company's principal objectives are to expand copper production at the Dikulushi Mine, commence copper production at the Kapulo Project and further explore the Dikulushi Mining Convention area to identify new targets. Mawson's strategy is to add to its copper inventory by defining additional resources and conversion of these and known resources into reserves with a view to expanding base case annualised copper production from current levels of around 4,200 tpa.

The Dikulushi Mine:

The Dikulushi Mine is a copper-silver mine located west of Lake Mweru, 48 kms north-northwest of Kilwa, Haut Katanga Province, DRC, and lies along the eastern margin of the Katanga sedimentary basin, north of the main Copperbelt, in an area known as the Kundelungu Plateau. The Dikulushi Mine commenced production under the ownership of Anvil in May 2002 and was placed on care and maintenance by Anvil in December 2008. Mawson purchased the Dikulushi Mine from Anvil in April 2010 and, after refurbishment, re-commenced producing copper and silver concentrate in July 2010. Mawson is currently producing about 400 tonnes of copper and 35,000 ounces of silver in concentrate per month from the treatment of a low-grade (1.2% Cu) stockpile at the Dikulushi Mine, estimated to be 489,000 tonnes as at November 2010. Feasibility studies are currently underway to exploit the remaining known in-situ resource at Dikulushi, including the high grade crown pillar (7.2% Cu) remaining from the previous underground mine, to a depth of 60 m below the existing pit floor, through underground operation and/or the Dikulushi Cutback, as well as the Kazumbula satellite deposit 15 km from the current mine. If the feasibility study is positive, management estimates that over 80 million pounds of copper at grades in excess of 7% Cu could be produced from the crown pillar as early as 2012.

The Kapulo Project:

The Kapulo Project is a copper exploration and development project located north of Lake Mweru, 124 kms northeast of the Dikulushi Mine, and 52 kms by road from Pweto, Haut Katanga Province, DRC. Like the Dikulushi Mine, it lies along the eastern margin of the Katanga sedimentary basin, north of the main Copperbelt, in the Kundelungu Plateau area. The Kapulo Project is in the development stage and is currently being advanced towards a bankable feasibility study. The Company expects to complete the study during the second quarter of 2011 and, assuming the outcome of the study is positive and subject to regulatory approvals, to commence development in 2011 and production by the third quarter of 2012. Management estimates that average annual production could be between 35 to 40 million pounds of copper.

The Lufukwe Project:

The Lufukwe Project is a prospective strata bound copper-silver exploration project located about 100 km southwest of the Dikulushi Mine. It is an inclined sheet-like deposit. The ore body is exposed at surface over a 5 km strike and the down-dip extent is untested. Limited drilling over a 1 km strike has yielded 1.75% Cu and 81.2 g/t Ag over 8.9 m and 2.01% Cu and 103.4 g/t Ag over 10.8 m.

Selected Financial Information:

The following table sets forth selected consolidated financial information for and as at the end of the periods indicated. This financial information is derived from, and should be read in conjunction with, the interim unaudited and annual audited consolidated financial statements and notes thereto included elsewhere in this prospectus. All financial information presented herein is prepared in accordance with IFRS. The Company has not provided, and is not required to provide, a reconciliation of its financial statements to Canadian GAAP. Until June 30, 2010, both the functional and presentation currency of Mawson was the Australian dollar. At July 1, 2010, Mawson adopted the United States dollar as its functional and presentation currency. See “*Selected Consolidated Financial Information*” and “*Management’s Discussion and Analysis*”.

	Three Months Ended September 30		Financial Years Ended June 30		
	2010 (US\$)	2009 (A\$)	2010 (A\$)	2009 (A\$)	2008 (A\$)
Total Revenue	6,303,533	Nil	Nil	Nil	Nil
Net Income (Loss)	(835,945)	(860,864)	6,329,529	(4,469,023)	(5,550,468)
Earnings(Loss) per Share					
(basic) (cents)	(0.25)	(0.56)	3.1	(2.96)	(4.92)
Loss per Share (diluted)					
(cents)	(0.25)	(0.56)	3.1	(2.96)	(4.92)
Cash and Cash Equivalents	6,981,227	3,035,045	7,183,564	2,742,439	1,281,671
Total Assets	46,144,719	5,064,354	45,560,904	6,104,234	3,692,334
Total Liabilities	4,923,407	452,170	2,454,360	621,779	460,397

The Offering:

Shares

This prospectus qualifies the distribution of ● Shares under the Offering at the Offering Price for gross proceeds of \$ ● . See “*Plan of Distribution*”.

Over-Allotment Option

The Company has granted to the Agents the Over-Allotment Option, exercisable in whole or in part at the sole discretion of the Agents at any time and from time to time until the date which is 30 days following the closing of the Offering, to purchase or arrange for the purchase of up to an additional ● Ordinary Shares at the Offering Price, solely to cover overallotments, if any, and for market stabilization purposes. See “*Plan of Distribution*”.

Ordinary Shares Outstanding

The Company currently has 82,362,189 Ordinary Shares outstanding, prior to the issuance of the Shares and the Subscription Receipt Shares and after giving effect to the Consolidation.

Use of Proceeds:

The net proceeds to the Company from the Offering will be \$ ● after deducting the Commission and the estimated expenses of the Offering in the amount of \$400,000.

Assuming the outcome of the Dikulushi Cutback feasibility study is positive and meets management’s expectations, substantially all of the net proceeds from the Offering would be used for the development of the Dikulushi Cutback (estimated by management to total approximately \$51.7 million, comprised of mining and supervision costs). If the net proceeds from the Offering are not sufficient to finance the development of the Dikulushi Cutback, the development would be deferred until cashflow from the Kapulo Project is sufficient to fund such development or alternative financing (including debt or other equity financing) could be arranged.

Any surplus funds over the intended expenditures will be allocated to working capital and/or exploration.

While the Company intends to spend the net proceeds of the Offering as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable. In particular, given the nature of mineral exploration and mine development, the stage of development of the Dikulushi Mine and the pending feasibility study on the Dikulushi Mine, future information and results may require amendments to be made to the amount and nature of allocations of the net proceeds of the Offering. Moreover, there can be no assurance that all requisite approvals for mine construction and the commencement or expansion of production will be obtained or that production at the Dikulushi Mine will ultimately be determined to be economically viable. Accordingly, management will have broad discretion with respect to the allocation of these funds. See “*Use of Proceeds*”.

Risk Factors:

An investment in the securities of the Company should be considered highly speculative and involves significant risks that could have a material adverse effect on, among other things, the properties, business and condition (financial or otherwise) of the Company. These risk factors, together with all of the other information contained in this prospectus, including information contained in the section entitled “Statement Regarding Forward-Looking Information”, should be carefully reviewed and considered. These risk factors include: risks associated with investments in publicly listed companies, such as the Company; risks associated with general economic conditions; fluctuations in commodity prices and, in particular, the price of copper; the inherent risks and dangers of mining exploration and operations in general; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; risks that the current inferred resource at the Kapulo Project will not be converted to a sufficient amount of indicated or measured resources to warrant further development; general risks associated with the feasibility, development and production of each of the Company’s projects; the risk that further funding may be required, but unavailable, for the ongoing exploration, development and production of the Company’s projects; changes in government regulations, policies or legislation; unforeseen expenses; fluctuation in the exchange rate of the United States dollar, the Congolese Franc, the Australian dollar or the Canadian dollar; restrictions on the repatriation of earnings by the Company’s subsidiaries; litigation risk; risks of being unable to sell production resulting from the development of a project; foreign investment risks in the DRC; changes in laws or regulations of the DRC; future actions by the government of the DRC; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company’s property interests; uninsured hazards; disruptions to the Company’s supplies or service providers; reliance on key personnel; retention of key employees; absence of dividends; competition; and inability to effect service of process or to enforce judgments within Canada upon and against the directors, officers and experts named in this prospectus. See “*Risk Factors*”.

THE COMPANY

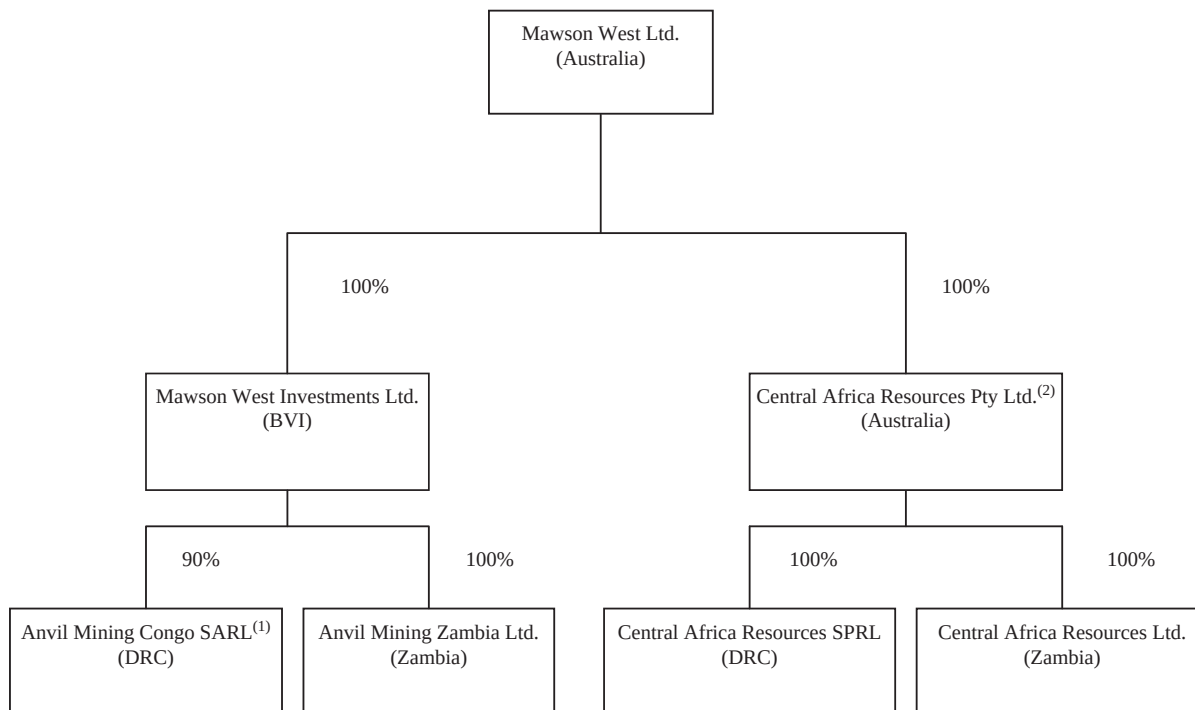
Name and Incorporation

Mawson was incorporated under the *Corporations Act 2001* (Commonwealth of Australia) (the “**Corporations Act**”) on February 12, 1996. The Company was listed on the Australian Securities Exchange (the “**ASX**”) in September 1997 and voluntarily delisted from the ASX in June 2009.

Mawson’s registered and head office is located at 20 Howard Street, Perth, Western Australia, 6000, Australia. Mawson also maintains two offices in the DRC, one in Lubumbashi and the other in Kinshasa.

Intercorporate Relationships

The following indicates the corporate structure of the Company and its subsidiaries, the percentage of voting securities beneficially held, and the jurisdiction of incorporation of each entity:



Notes:

- (1) Anvil Mining Congo SARL is in the process of being renamed CMCC SARL. The other 10% of the company is held by the Dikulushi-Kapulo Community Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.
- (2) These subsidiaries were established by the Company in order to pursue the farm-in agreement on the Kapulo Project with Anvil and Anvil Mining Congo SARL. As a result of the Company’s acquisition of Anvil’s interest in Anvil Mining Congo SARL, these subsidiaries no longer play a material role in the corporate structure of Mawson. See “*Description and General Development of the Business — Three Year History*”.

Unless the context otherwise requires, references in this prospectus to “**Mawson**” or the “**Company**” are references to Mawson and all of its subsidiaries taken as a group.

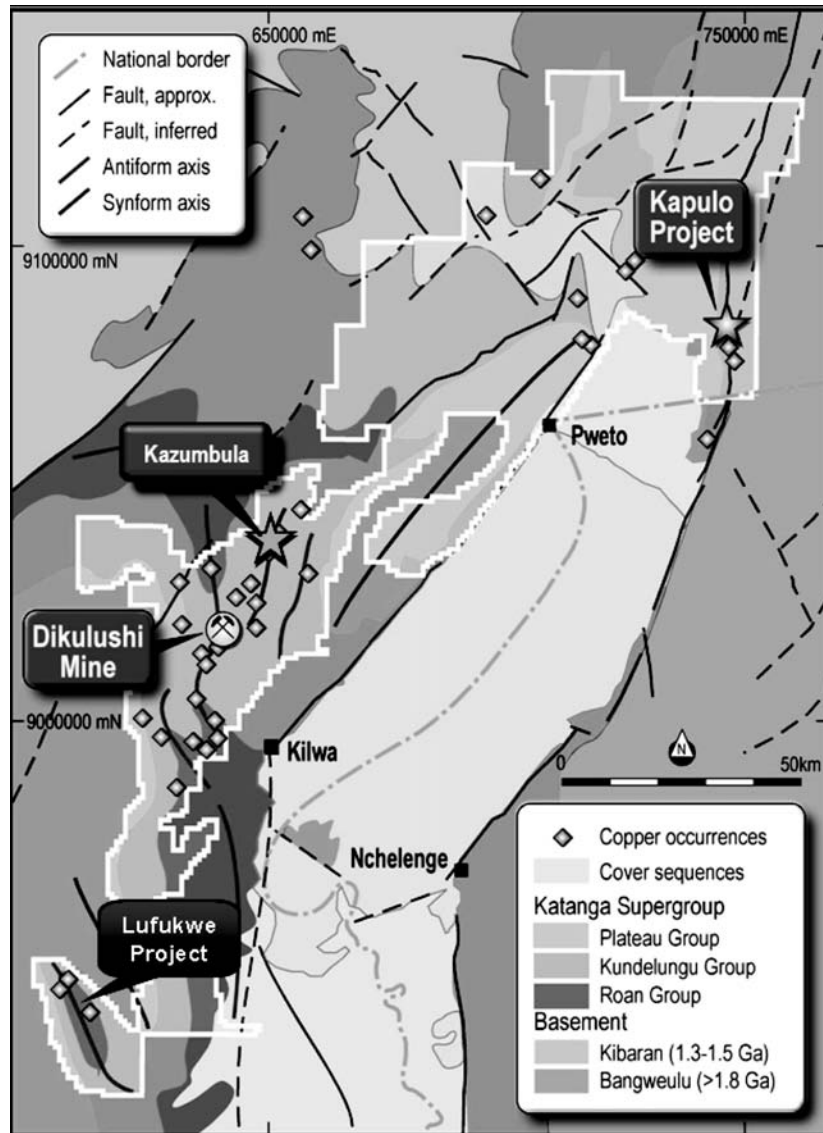
Mawson also holds a 32.8% interest in Orrex Ltd. (“**Orrex**”), which is an Australian-based and Australian-incorporated resource company that holds the Golden Mile South and Barlee gold exploration projects in Western Australia and is listed on the ASX (ASX:ORX). See “*Description and General Development of the Business — Overview*”.

DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Mawson is a copper producer, developer and explorer based in Perth, Australia. It is an unlisted Australian public company. Mawson's focus is on the Democratic Republic of the Congo (the "DRC"), and its major asset is its 90% ownership of the Dikulushi Mining Convention, which is located in the Katanga Province of the DRC. The Dikulushi Mining Convention covers an exploration land package of approximately 8,000 km² and encompasses the Company's two main projects, the Dikulushi copper-silver mine (the "**Dikulushi Mine**") and the Kapulo copper exploration and development project (the "**Kapulo Project**"), as well as multiple exploration targets, including the Lufukwe copper-silver exploration project (the "**Lufukwe Project**").

The Dikulushi Mining Convention - Regional Geology



Source: Figure 7.1 from the Dikulushi Report.

The Dikulushi Mine is located west of Lake Mweru, 48 kms north-northwest of Kilwa, Haut Katanga Province, DRC, and lies along the eastern margin of the Katanga sedimentary basin, north of the main Copperbelt, in an area known as the Kundelungu Plateau. The Dikulushi Mine commenced production under the ownership of Anvil Mining Ltd. ("**Anvil**") in May 2002 and was placed on care and maintenance by Anvil in December 2008. Mawson purchased the

Dikulushi Mine from Anvil in April 2010 and, after refurbishment, re-commenced producing copper and silver concentrate in July 2010. Mawson is currently producing about 400 tonnes of copper and 35,000 ounces of silver in concentrate per month from the treatment of a low-grade (1.2% Cu) stockpile at the Dikulushi Mine, estimated to be 489,000 tonnes as at November 2010. Feasibility studies are currently underway to exploit the remaining known in-situ high grade resource at Dikulushi, including the high grade crown pillar (7.2% Cu) remaining from the previous underground mine, to a depth of 60 m below the existing pit floor, through underground operation and/or an open pit cutback (the “**Dikulushi Cutback**”), as well as the Kazumbula satellite deposit 15 km from the current mine.

The Kapulo Project is located north of Lake Mweru, 124 kms northeast of the Dikulushi Mine, and 52 kms by road from Pweto, Haut Katanga Province, DRC. Like the Dikulushi Mine, it lies along the eastern margin of the Katanga sedimentary basin, north of the main Copperbelt, in the Kundelungu Plateau area. The Kapulo Project is in the development stage and is currently being advanced towards a bankable feasibility study. The Company expects to complete the study during the second quarter of 2011 and, assuming the outcome of the study is positive and subject to regulatory approvals, to commence development in 2011 and production by the third quarter of 2012.

The Dikulushi Mining Convention also contains many prospective copper and copper-silver targets. Less than half of the Dikulushi Mining Convention has been explored to date. Management plans to evaluate the entire Dikulushi Mining Convention over the next two years, including a 15,000-20,000 m drill program planned for 2011. There are five known potential new projects.

The Company’s principal objectives are to expand copper production at the Dikulushi Mine, including potential production from the high grade crown pillar, commence copper production at the Kapulo Project and further explore the Dikulushi Mining Convention area to identify new targets. Mawson’s strategy is to add to its copper inventory by defining additional resources and conversion of these and known resources into reserves with a view to expanding annualised base case copper production from current levels of around 4,200 tpa.

Management expects that the outcome of the feasibility study on the Kapulo Project will be positive and believes that the Kapulo Project is sufficiently advanced to have warranted completing the Subscription Receipt Offering (as hereinafter defined) to raise funds for the capital costs of the Kapulo Project in advance of the completion of the feasibility study. In addition, management expects that the feasibility study on exploiting the remaining known in-situ resource at the Dikulushi Mine and at the Kazumbula satellite deposit will be positive and that it is warranted to complete the Offering. However, because these decisions have not been based on feasibility studies of mineral reserves demonstrating economic and technical viability, these potential developments are therefore subject to increased uncertainty in relation to economic and technical risks of failure associated with production decisions until the outcome of the feasibility studies is known.

The Company considers other areas of the Dikulushi Mining Convention to be prospective, including Lufukwe, and it is conducting additional exploration more broadly over these areas. The Dikulushi Mining Convention covers part of the northeastern margin of the Katanga Basin, which further south hosts the Cu-(Co) deposits of the Copperbelt. The Cu-Ag deposits that occur in this permit area include fault-hosted deposits (Dikulushi and Kazumbula), and copperbelt-type stratabound deposits (Lufukwe), as well as deposits that apparently share characteristics of both (Kapulo). While the lowermost stratigraphic units in the permit area are correlated with the ore-host Roan and Nguba Supergroups of the Copperbelt, fault-hosted deposits such as Dikulushi occur at positions higher in the stratigraphy. The variety of targets, distance from the Copperbelt, and a paucity of reliable background geological information have left approximately half of the tenement area effectively virgin.

The three largest deposits in the Dikulushi Mining Convention known at present (Dikulushi, Kapulo and Lufukwe) were all identified more than 50 years ago, but subsequent exploration in the area has focussed closely on the immediate vicinity of Dikulushi. Seven kilometres (approximately 85%) of the strike length of outcropping mineralisation at Lufukwe has never been tested in the subsurface. Likewise, the potential for other Kapulo-like deposits along the greater than 60 km-long Kapulo fault has not previously been evaluated. Small amounts of work in the greater Dikulushi area hinted at further resources, but none of these were properly tested.

Exploration by Mawson has proved effective at identifying new prospects within the Dikulushi Mining Convention. One of those new projects is the Lufukwe Project, located roughly 100 km southwest of the Dikulushi Mine. It is an inclined sheet-like deposit with the ore body exposed at surface over a 5 km strike. In addition to its work on the Dikulushi Mine and the Kapulo Project, the Company is now focussed on the exploration of the Lufukwe Project, and it has also identified another 13 near mine prospects and 5 new stand-alone prospects. Mawson therefore now has a full pipeline of exploration targets ranging from deposits requiring orebody definition, through geophysical and chemical targets, to

reconnaissance stage targets. It is anticipated that future production from satellite deposits would play a key role in extending the life of the Dikulushi Mine operation.

Mawson also holds a 32.8% interest in Orrex, which is an Australian-based and Australian-incorporated resource company that holds the Golden Mile South and Barlee gold exploration projects in Western Australia and is listed on the ASX (ASX:ORX). Orrex listed on the ASX in November 2010 in connection with an initial public offering pursuant to which it issued 20 million ordinary shares for gross proceeds of A\$4 million. The initial public offering resulted in Mawson's interest in Orrex being reduced from 72.7% to 32.8%.

Three Year History

History of the Business

Mawson commenced its activities in the DRC which are the current focus of its business in April 2006 when it entered into a farm-in agreement on the Kapulo Project with Anvil and Anvil's then subsidiary Anvil Mining Congo SARL (which is in the process of being renamed CMCC SARL ("**CMCC**")), which farm-in agreement gave Mawson the right to earn a 65% interest in the Kapulo Project by spending US\$4 million on exploration of the project. Mawson's subsequent exploration work on the Kapulo Project resulted in the Company defining over 200,000 tonnes of contained copper at the project and by June 2008 the Company had completed its required expenditures, earned its 65% interest in the Kapulo Project and was reviewing options for the development of the project.

In late 2008, Mawson saw an opportunity arise to organically grow the Kapulo Project into a producing asset when Anvil closed the Dikulushi Mine and placed it on care and maintenance due to several reasons, including the global financial crisis of late 2008 and plummeting copper prices. Consequently, Mawson commenced negotiations to buy the Dikulushi Mine and the remainder of the Dikulushi Mining Convention from Anvil in April 2009. Anvil and the Company subsequently agreed on transaction terms in August 2009 and in February 2010, a share sale agreement in respect of the transaction (the "**Dikulushi Share Sale Agreement**") was entered into among the Company, Central Africa Resources Pty Ltd., Anvil, CMCC, Anvil Mining Investments Limited, Anvil Mining Investments (No. 2) Limited and Anvil Mining Zambia Limited ("**AMZ**"). The acquisition was completed in April 2010 and resulted in Mawson acquiring Anvil's 90% interest in CMCC, which owns the Dikulushi Mining Convention, as well as 100% of AMZ. As consideration for the acquisition, Mawson issued 83,070,000 Ordinary Shares to Anvil Mining Investments Limited, representing approximately 28% of the issued capital of Mawson at that time. The acquisition also resulted in Mawson increasing its interest in the Kapulo Project, which is part of the Dikulushi Mining Convention, from 65% to 90% through the acquisition of the 25% interest in the Kapulo Project owned by CMCC that Mawson had not acquired under its farm-in agreement with CMCC.

The remaining 10% equity interest in CMCC is held by the Dikulushi-Kapulo Community Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.

While all of these initiatives were ongoing, in June 2009, the Company delisted from the ASX with a view to better maximizing the value of its business through a reorganization involving the acquisition of the Dikulushi Mining Convention, financing and a subsequent listing on the TSX.

After purchasing the Dikulushi Mining Convention in April 2010, Mawson began refurbishing the Dikulushi Mine processing plant and commenced treating a low-grade (1.2% Cu) stockpile located at the Dikulushi Mine in July 2010. Mawson is currently producing about 400 tonnes of copper and 35,000 ounces of silver in concentrate per month from the treatment of the stockpile, which was estimated to be 489,000 tonnes as at November 2010. Feasibility studies are currently underway to exploit the remaining known in-situ resource at Dikulushi, including the high grade crown pillar (7.2% Cu) remaining from the previous underground mine, to a depth of 60 m below the existing pit floor, through underground operation and/or the Dikulushi Cutback, as well as the Kazumbula satellite deposit 15 km from the current mine.

Throughout this time, Mawson has been progressing work for a NI 43-101 technical report on the Kapulo Project, as well as a bankable feasibility study which is expected to be completed during the second quarter of 2011. Subject to a positive outcome of the bankable feasibility study and regulatory approvals, Mawson expects to build a new processing plant at the Kapulo Project starting in 2011 and to have it in production by the third quarter of 2012. Along with the Dikulushi Mine, this would give Mawson two operating mines in the DRC. In the meantime, building of access roads and the construction/mine camp at the Kapulo Project has begun and is anticipated to be completed by April 2011.

Exploration of additional areas within the Dikulushi Mining Convention by Mawson between 2008 and 2010 has also resulted in the identification of new prospects. Airborne geophysics followed by soil geochemistry and then drilling

led to the identification of three new mineralised bodies (including Kazumbula) to the northeast of Dikulushi. Another eight near-mine targets remain to be tested by drilling during 2011-12 and soil sampling continues apace. The same methods, further afield, have defined major new soil copper anomalies at Kaswete (1.6 km-long) and Kiankalamu (3 km long). At Kapulo, soil chemistry combined with electrical geophysics revealed several targets that share the chemical and physical signature of the Shaba and Safari deposits which comprise the Kapulo Project. Three such targets are within a few kilometres of Shaba-Safari, whereas two others represent major new targets further along the Kapulo fault. All are scheduled for drill-testing in 2011-2012. Elsewhere, mineralisation is being targeted using drainage chemistry. Dozens of catchments carrying sediment anomalous in copper have been identified to date in areas that have seen little prior work. During the course of the drainage sample collection, outcropping mineralisation was identified over a kilometre of strike at Walinda, and artisanal smelting slags that imply a local source of high grade ore were found at Kisabi. Mawson therefore now has a full pipeline of exploration targets ranging from deposits requiring orebody definition, through geophysical and chemical targets, to reconnaissance stage targets.

The Company continues to evaluate other projects in the DRC and elsewhere which have the capacity to increase the Company's production profile in copper and other metals, however, Mawson has not reached any agreement with any third parties regarding any such opportunities.

Financings

During the year ended June 30, 2009, the Company completed a financing pursuant to which it issued 33,333,334 Ordinary Shares (on a pre-Consolidation basis) at a price of A\$0.21 per share for aggregate gross proceeds of A\$7,000,000.

During the year ended June 30, 2010, the Company completed financings pursuant to which it issued 56,561,622 Ordinary Shares (on a pre-Consolidation basis) at a price of US\$0.15 per share and 4,384,775 Ordinary Shares (on a pre-Consolidation basis) at a price of C\$0.30 per share, for aggregate gross proceeds of A\$11,012,522. Pacific Road Holdings NV and certain of its affiliates became shareholders of the Company through participation in certain of these financings.

Between July and September 2010, the Company completed financings pursuant to which it issued 17,772,376 Ordinary Shares (on a pre-Consolidation basis) at a price of C\$0.30 per share for aggregate gross value of C\$5,331,713.

Subscription Receipt Offering

On December 21, 2010 and January 24, 2011 the Company issued and sold (on a pre-Consolidation basis) an aggregate of 120,000,000 subscription receipts (the "**Subscription Receipts**") at a price of \$0.50 per Subscription Receipt (the "**Subscription Receipt Price**") for aggregate gross proceeds of \$60,000,000 (the "**Subscription Receipt Offering**"). The Subscription Receipts were created and issued pursuant to the terms of a subscription receipt agreement (the "**Subscription Receipt Agreement**") dated December 21, 2010 among the Company, Cormark and Computershare Trust Company of Canada (the "**Subscription Receipt Agent**"). The Subscription Receipts were issued on a private placement basis pursuant to an agency agreement (the "**Subscription Receipt Agency Agreement**") dated December 21, 2010 between the Company and Cormark, Macquarie Capital Markets Canada Ltd., Paradigm Capital Inc., Raymond James Ltd. and GMP Securities L.P. (collectively, the "**Subscription Receipt Offering Agents**"). The Subscription Receipt Price was determined by negotiation between the Company and Cormark.

Pursuant to the terms of the Subscription Receipt Agency Agreement, upon satisfaction of the Escrow Release Conditions (as hereinafter defined), the Subscription Receipt Offering Agents will be paid a cash commission (the "**Subscription Receipt Commission**") in the amount of \$3,480,000, being an amount equal to 6% of the gross proceeds from the sale of the Subscription Receipts, excluding certain Subscription Receipts issued and sold to Pacific Road Holdings NV or its affiliates. The Subscription Receipt Offering Agents will also be issued compensation options upon satisfaction of the Escrow Release Conditions entitling the Subscription Receipt Offering Agents to acquire 1,160,000 Ordinary Shares, being that number of Ordinary Shares as is equal to 4% of the number of Subscription Receipts sold under the Subscription Receipt Offering (excluding certain Subscription Receipts issued and sold to Pacific Road Holdings NV or its affiliates) after adjusting for the Consolidation, at a price of \$2.00 per share (being the Subscription Receipt Price after adjusting for the Consolidation) until 5:00 p.m. (Toronto time) on December 21, 2012.

The Subscription Receipts were sold directly to subscribers through the Subscription Receipt Offering Agents pursuant to exemptions from the prospectus requirements of the Province of Ontario, the United States and the other jurisdictions in which purchasers were resident, and were issued under, and are governed by, the Subscription Receipt Agreement. Each Subscription Receipt entitles the holder thereof to receive, if the Escrow Release Conditions are satisfied on or before the Escrow Release Deadline (as hereinafter defined), without payment of any additional

consideration, subject to adjustment in certain circumstances, one-quarter of one (1/4) Ordinary Share for each Subscription Receipt held (after giving effect to the Consolidation).

Upon closing of the Subscription Receipt Offering, the gross proceeds from the sale of the Subscription Receipts were placed in escrow with the Subscription Receipt Agent, and invested in short-term obligations of, or guaranteed by, the Government of Canada or a Province or Canadian chartered bank (or other approved investments) (such gross proceeds, together with the interest and other income earned thereon from time to time, being the “**Escrowed Funds**”).

The Subscription Receipts will be automatically exercised for Ordinary Shares, and the Escrowed Funds (other than the Subscription Receipt Commission and reimbursable expenses of the Subscription Receipt Offering Agents, which are to be paid to the Subscription Receipt Offering Agents) will be released to the Company provided that on or before 5:00 p.m. (Toronto time) on March 21, 2011 (the “**Escrow Release Deadline**”), subject to extension to April 20, 2011 or to May 20, 2011 in the circumstances described below, the following escrow release conditions (the “**Escrow Release Conditions**”) have been satisfied: (i) the Company having successfully listed for trading the Ordinary Shares on the TSX; (ii) the receipt for the final prospectus qualifying the distribution of the Subscription Receipt Shares having been obtained; (iii) there shall not have been or be any material adverse change (actual or threatened, or reasonably expected to occur) in the financial condition, business, operations, prospects or affairs of the Company or its subsidiaries (other than changes resulting from general economic, financial, regulatory or market conditions which have not affected the Company in a materially disproportionate manner as compared to other similarly situated companies), nor shall there have been discovered any previously undisclosed material fact relating to any of them which, in the reasonable opinion of Cormark, on behalf of the Subscription Receipt Offering Agents, would reasonably be expected to have a material adverse effect on the Company taken as a whole; (iv) the Company shall not be in material breach or default of any of its representations, covenants or obligations under any of the agreements governing the Subscription Receipts or the Subscription Receipt Agreement except those breaches or defaults that have been waived by Cormark, on behalf of the Subscription Receipt Offering Agents, and all conditions set out in such agreements shall have been fulfilled in all material respects; (v) Cormark, on behalf of the Subscription Receipt Offering Agents, shall have received from a senior officer of the Company a certificate confirming that the representations and warranties of the Company contained in the Subscription Receipt Agency Agreement are true and correct in all material respects as of the date thereof; and (vi) the Subscription Receipt Shares issuable upon exercise of the Subscription Receipts are listed for trading on the TSX on a free-trading basis and not subject to any hold period (subject to any applicable control block restrictions).

The Escrow Release Deadline will be automatically extended to 5:00 p.m. (Toronto time) on April 20, 2011 in the event that: (i) the preliminary prospectus in respect of the qualification of the distribution of the Subscription Receipt Shares has been filed prior to February 21, 2011; and (ii) the Company has used commercially reasonable efforts to resolve all comments and/or deficiencies raised by the applicable Canadian securities regulatory authorities in respect of the prospectus and to otherwise satisfy the Escrow Release Conditions and, notwithstanding the foregoing, a final receipt for the prospectus has not been issued and/or TSX listing approval has not been obtained prior to March 21, 2011. The Escrow Release Deadline may also be extended by Cormark, in its sole discretion, on behalf of the Subscription Receipt Offering Agents and the holders of the Subscription Receipts, to 5:00 p.m. (Toronto time) on a date that is no later than May 20, 2011.

In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline (as extended, if applicable), the Subscription Receipts will be cancelled and the holders of the Subscription Receipts will receive their respective *pro rata* portion of the Escrowed Funds (based on the respective numbers of Subscription Receipts held by them).

No additional consideration will be received by the Company and no additional commission or fee will be payable by the Company in connection with the exercise of the Subscription Receipts upon satisfaction of the Escrow Release Conditions. However, the Escrowed Funds, less the Subscription Receipt Commission and expenses of the Subscription Receipt Offering Agents in connection with the Subscription Receipt Offering, will be released to the Company upon the Escrow Release Conditions being satisfied on or before the Escrow Release Deadline.

The Kapulo Report recommends that Mawson complete a feasibility study to determine the economics of developing the Kapulo Project and complete further resource definition drilling and metallurgical testwork. Mawson has proposed a comprehensive 12 month exploration and development program and budget for the Kapulo Project totalling US\$1.5 million, which the authors of the Kapulo Report consider to be consistent with the potential of the Kapulo Project and which Mawson intends to fund from existing working capital and revenue. Consistent with these recommendations, Mawson has been advancing the feasibility study on the Kapulo Project and management expects

it to be completed during the second quarter of 2011. Mawson also intends to undertake certain engineering, procurement and construction management activities. Management believes that the Kapulo Project is sufficiently advanced to have warranted completing the Subscription Receipt Offering to raise funds for the capital costs of the Kapulo Project in advance of the completion of the feasibility study. Assuming the outcome of the study is positive and meets management's expectations, it is the Company's intention that the net proceeds from the Subscription Receipt Offering, together with the Company's existing working capital and revenues from the Dikulushi Mine low grade processing operations, will be used for the construction of the Kapulo Project (estimated by management to total approximately \$65.7 million, comprised of construction costs of \$53.4 million, engineering, procurement and construction management costs of \$8.0 million and contingency of \$4.3 million).

Consolidation

On January 20, 2011, the Company completed the Consolidation. See "*Consolidation of Ordinary Shares*" and "*Consolidated Capitalization*".

Specialized Skill and Knowledge

Most aspects of Mawson's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, exploration and development, environmental issues and accounting. The Company has a number of directors, officers and employees with extensive experience in mining, geology, exploration and development in Africa. See "*Directors and Executive Officers*" and "*Risk Factors*".

Employees

As at the date of this prospectus, the Company has 12 employees at its office in Perth, Australia and approximately 309 employees at its offices and property sites in the DRC.

Business Cycle

The Company is a copper producer, developer and explorer and as such copper prices can have a direct impact on the Company's business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project. See "*Risk Factors*".

Environmental Policies and Protection

The Company seeks to conduct its activities to a high standard of environmental responsibility, including compliance with all environmental laws, policies, regulations and plans and conducts ongoing operations in a manner to keep any environmental impacts to a minimum and to rectify or rehabilitate those that necessarily occur as part of the exploration programs conducted. The operations of the Company are located within the DRC and are subject to DRC laws and regulations concerning the environment. The financial and operational effects of environmental protection requirements on capital expenditures, earnings and the competitive position of Mawson are not expected to be material during the current financial year. However, environmental protection requirements may cause additional capital expenditures, reductions in earnings and affect the competitive position of Mawson in the future.

In accordance with DRC laws and regulations, the Company is required to submit and adhere to environmental plans lodged in relation to all of its operating licence areas. At present, CMCC has a current environmental impact assessment and environmental management plan in place for the Dikulushi Mine. CMCC also undertakes annual reporting of environmental issues and measurements to relevant government bodies and has provided commitments relating to mine decommissioning. In addition, CMCC has lodged an environmental bond with the DRC Government in the amount of \$368,409.50 as security towards an estimate of the total costs of closure, rehabilitation and re-vegetation of the Dikulushi Mine. Mawson is in the process of completing environmental impact assessments for the Kazumbula deposit and surrounding area and for the Kapulo Project.

Social Responsibility Program

The Company is committed to the development of the local communities where it operates and to sharing the benefits of its growth with local communities. In addition, Mawson believes it has a corporate responsibility to ensure that all stakeholders understand the purposes of its projects and gain benefits from their implementation, thus creating a positive business environment.

In addition to creating over 350 jobs for local community members and the development of an apprenticeship program to teach relevant skills, the Company has also undertaken a broader social responsibility program. To that purpose, the Company has been working with the DRC Government, local communities and various non-governmental organizations on programs aimed at social, economic and institutional development, with a particular focus on long-term change projects.

In addition, 10% of CMCC is held by the Dikulushi-Kapulo Community Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.

The Company intends to implement a more ambitious corporate social responsibility strategy to ensure that its presence in the DRC benefits all stakeholders. This strategy will have three main components: (i) implementation of The Voluntary Principles on Security and Human Rights to maintain the security of its operations in a manner that respects human rights and fundamental freedoms; (ii) capacity building of national staff to ensure that an increasing share of managers in the Company can be promoted internally; and (iii) supporting, together with the DRC Government and non-governmental organization development partners, development of local communities towards achieving the Millennium Development Goals. The Company intends for all components of its corporate social responsibility strategy to include an external evaluation mechanism, including review by external consultants designated by the World Bank, and to be formulated and managed in a participatory and inclusive process.

Foreign Operations

The Company is incorporated under the laws of a foreign jurisdiction and the majority of its directors and officers reside outside of Canada. In addition, the Company's projects are located in Africa and as such, are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. See "*Risk Factors*".

DOING BUSINESS IN THE DEMOCRATIC REPUBLIC OF THE CONGO

General

The DRC, formerly Zaïre, is located in west-central Africa and is the third largest country in Africa (2.3 million km²), similar in size to Western Europe, and with a population of approximately 68 million. The capital of the country is Kinshasa, which is located in the north-west of the country on the Congo River. The Congo River provides extensive access to the interior of the country.

The Dikulushi Mine is located in the south-east of the DRC in Katanga Province and near the south eastern border with Zambia. The Dikulushi Mine is approximately 1,500 kms from Kinshasa and 325 kms (direct line distance) from Lubumbashi, the capital of the province of Katanga. The Kapulo Project is located 124 kms northeast of the Dikulushi Mine.

Current Political Situation

Established as a Belgian colony in 1908, the DRC gained its independence in 1960. Following years of civil unrest and war, a transitional government held a successful constitutional referendum in December 2005 following which democratic presidential and parliamentary elections were held on July 30, 2006 under the guidance of the European Union Electoral Observer Mission and the United Nations mission to the DRC. Such elections were the first to be held in 40 years in the DRC. The first round of elections resulted in Joseph Kabila and Jean Pierre Bemba being identified as the two preferred candidates for the position of President. As a result, a run-off election was held on October 29, 2006, with Joseph Kabila declared the winner on November 15, 2006, after which he was inaugurated as President in December 2006 and has served as President since that time. Presidential, legislative, provincial and local government elections are next due to be held in November 2011.

Economy

The economy of the DRC has historically been dominated by its resource sector. The Copperbelt region of the country, in the southern Katanga Province, is renowned as one of the richest mineral regions of the world and until the mid-1980's enabled the country to be one of the world's largest producers of copper, with annual production exceeding 500,000 tonnes of copper. Adverse political events beginning in the early 1990s, together with military activity, led to a dramatic reduction in national output. Diamonds, copper and cobalt remain the principal foreign exchange earning exports for the country.

Following a prolonged absence, the International Monetary Fund and the World Bank have reengaged with the DRC and are assisting in the development of coherent legislative and economic reforms aimed at a reconstruction of the country. In 2002, as part of this effort, the Government of the DRC introduced a new Mining Code. Gécamines, a state owned mining company, holds significant quantities of mineral resources and mineral reserves of copper, cobalt, germanium and zinc in Katanga Province.

DRC Mineral Title

Mawson, through its 90% owned subsidiary CMCC, holds title to its project interests through the Dikulushi Mining Convention, which was signed with the Government of the DRC on January 31, 1998 and ratified by Presidential Decree issued on February 27, 1998. Mining operations at the Dikulushi Mine are conducted under an exploitation permit issued by Ministerial Decree on January 12, 2004 (which replaced an earlier issued mining concession). Under the Dikulushi Mining Convention, CMCC is guaranteed sole and exclusive rights for exploitation of projects within the Dikulushi Mining Convention. The rights for exploitation in respect of each mine are for a period of 20 years from the respective dates of commencement of production from each mine.

Ownership of Mines and Projects

Mawson holds a 90% equity interest in CMCC and the remaining 10% equity interest is held by the Dikulushi-Kapulo Community Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.

DRC Government Review of Mining Agreements

The mining concessions on which the Company is currently carrying out operating and development activities are all located in the DRC. As a result, the Company is subject to certain risks, including possible political or economic instability in the DRC, which may result in the impairment or loss of mineral concessions. Any changes in laws or

regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. No assurance can be given as to the outcome of any future discussions or negotiations between Mawson and the DRC Government or that Mawson's security of tenure and its ability to secure additional financing in the future may not be adversely affected so as to have a material adverse effect on its business, operating results and financial position.

Mining Taxation

Historically, companies involved in the mining industry in the DRC have negotiated specific deductions and exemptions for income tax purposes as an integral part of each mining convention, given the higher level of risk at the time. The mining operations at the Dikulushi Mine are subject to the terms of the Dikulushi Mining Convention. The Dikulushi Mining Convention entitles CMCC to benefit if there is more favourable taxation legislation introduced subsequent to the effective date of the Dikulushi Mining Convention. On enactment of the Mining Code, CMCC elected to continue with the established terms of the Dikulushi Mining Convention.

The Dikulushi Mining Convention provides for concessionary rates of taxation for each new mine. The first five years of production are tax free, and the effective tax rate is 16% (40% of the current prevailing DRC tax rate of 40%) from the sixth through tenth years of production, 18% for the eleventh through fifteenth years of production (45% of the current prevailing DRC tax rate of 40%), and 40% (100% of the current prevailing DRC tax rate) thereafter. For purposes of this taxation schedule, Dikulushi has been producing for eight and half years. In addition to the usual deductions of expenses and accruals, the Dikulushi Mining Convention provides that taxable income is adjusted by allowances for (i) depreciation of moveable and immovable fixed assets, (ii) a "depletion allowance" equal to 15% of gross sales up to 50% of net profit, and (iii) all exploration and evaluation expenses. The Dikulushi Mining Convention also provides concessionary import duty rates.

Dividends declared and paid by CMCC to the Company are exempt from all DRC taxes, including withholding tax.

Notwithstanding the foregoing, Mawson's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. See also "*Risk Factors — Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions*".

THE DIKULUSHI MINE

The technical information in this section regarding the Dikulushi Mine is summarized or extracted from the Dikulushi Report which has been prepared in accordance with NI 43-101 by David Gray, BSc Hons (Geology), MAusIMM and Ian Glacken, BSc Hons (Geology), MSc (Mining Geology), MSc (Geostatistics), Grad. Dip. Comp, DIC, FAusIMM (CP), CEng, MIMMM, both of Optiro Pty Ltd., and Adam Anderson, General Manager, Resource Development of the Company. Portions of the following information are based on assumptions, qualifications and procedures which are described in the Dikulushi Report but which are not fully described in this prospectus. The following summary does not purport to be a complete summary of the Dikulushi Report. Reference should be made to the full text of the Dikulushi Report which is available for review under the Company's profile on SEDAR located at www.sedar.com. The following summary has been prepared with the consent of Messrs. Gray, Glacken and Anderson and has been reviewed and approved by them.

Project Description and Location

The Dikulushi Mine is located in Katanga Province in the southeastern corner of the DRC at latitude 08°53'37.7 South and longitude 28°16'21.8 East, approximately 50 km north-northwest of the small town of Kilwa and situated on the southwestern side of Lake Mweru.

The Dikulushi mine is part of the Dikulushi Mining Convention signed on January 31, 1998 with the Government of the DRC, and ratified by Presidential Decree issued on February 27, 1998.

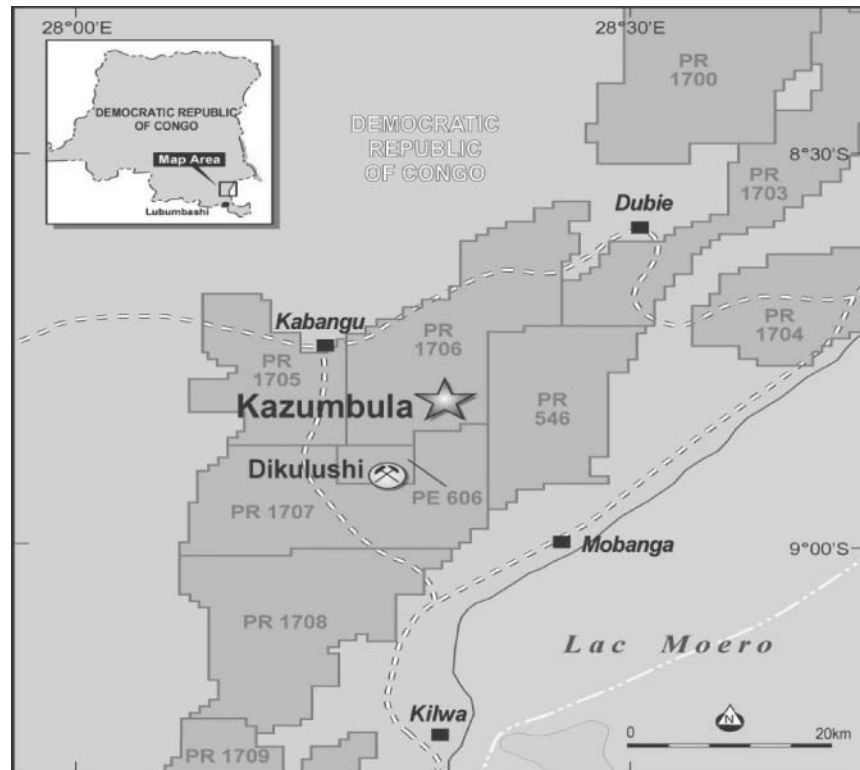
The Dikulushi Mining Convention is 100% owned by CMCC. Mawson West Investments Ltd., a wholly-owned subsidiary of Mawson, holds 90% of the issued capital of CMCC, with the remaining 10% being held by the Dikulushi — Kapulo Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.

Under the Dikulushi Mining Convention, CMCC holds an exploitation permit (Exploitation Permit No. 606) issued by Ministerial Decree on January 31, 2002 which covers an area of 40.77 km² over the Dikulushi mine area, and thirteen (13) exploration permits which cover an area of 5,054 km². Exploitation Permit No. 606 is valid until January 30, 2022, and is renewable thereafter for periods of 15 years, subject to compliance with its terms and applicable legislation. CMCC's exploration permits expire on May 21, 2011 and are renewable once for an additional period of five years. The

Company is in the process of renewing all the exploration permits for a further five years to 2016. CMCC has applied for the extension of the exploration permits on the basis that according to the Dikulushi Mining Convention no relinquishment of land areas is required at the time of extension. The Mining Code requires that on application for extension permit-holders are required to relinquish 50% of the permit areas upon renewal. There is no assurance that the extension of the exploration permits will be granted as applied for by CMCC.

The Dikulushi Mine comprises mineral resources from the Dikulushi deposit, mineral resources and reserves from a low grade stockpile at Dikulushi and mineral resources from the satellite Kazumbula deposit, some 15 km north-northeast of Dikulushi.

Location of the Dikulushi Mine and Exploitation Permit and Exploration Permits



Source: Figure 4.1 from the Dikulushi Report.

The Dikulushi Mine is already in production, processing a low grade stockpile left by Anvil during its ownership of the Dikulushi Mine. Mining operations at Dikulushi are conducted under Exploitation Permit 606. The Dikulushi deposit and low grade stockpile, as well as the related mine village, run-of-mine ore pad, tailings dam and waste rock dump, form part of the Exploitation Permit area. Kazumbula forms part of the exploration permits (Exploration Permit 1706).

Mawson is currently investigating options to mine out the remaining high grade resource at the Dikulushi deposit and will proceed to a feasibility study in order to access the mineralisation below the current open pit, particularly the remaining crown pillar from the previous underground mine. Confidence in satellite deposits, such as Kazumbula, is being defined and developed in order to provide additional mill feed during the development period of the Dikulushi deposit.

Under DRC mining regulations, a permit holder is responsible for damage caused to the environment by its activities only if it has not complied with required environmental plans or has broken environmental obligations set out in the mining regulations. CMCC has an environmental impact assessment (“EIA”) and environmental management plan (“EMP”) in place for the Dikulushi deposit which was completed in April 2003 by African Mining Consultants of Kitwe, Zambia, an environmental company licensed to work and report in the DRC, and which have been approved by the DRC Government. Annual reporting of environmental issues and measurements to relevant government bodies is a condition of

the EMP and CMCC's operating license. The EMP also includes commitments relating to mine decommissioning. CMCC has lodged an environmental bond with the DRC Government in the amount of \$368,409.50 as security towards an estimate of the total costs of closure, rehabilitation and re-vegetation of the Dikulushi mine. Mawson is in the process of completing an EIA for the Kazumbula deposit and surrounding area.

Regular environmental audits are carried out to determine the Dikulushi mine's compliance with its EMP. In particular, an environmental monitoring database is maintained at the mine, comprising the following: (i) wet/dry, min/max temperatures; (ii) rainfall; (iii) dust exposure; (iv) noise levels; (v) ground and surface water quality; (vi) groundwater levels; (vii) tailings dam piezometer water levels; and (viii) light levels. A study into the acid rock drainage potential of the process plant tailings was conducted in 2005 and it was classified as low risk.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Dikulushi Mine is by a sealed road from Lubumbashi to Kasenga, then by boat along the Luapula River to Kilwa and then approximately 50 km by refurbished gravel road from Kilwa to Dikulushi. The total travelling distance is approximately 500 km.

Supplies for the Dikulushi Mine are typically trucked on sealed roads from South Africa via Botswana to Nchelenge port on the Zambian side of Lake Mweru. Supplies are then transferred from Nchelenge to Kilwa on the DRC side of Lake Mweru on a 340t capacity barge owned by CMCC; the water journey takes 5 hours. Access from Kilwa port to the mine is via the approximately 50 km refurbished gravel road and takes approximately 1 hour by light vehicle.

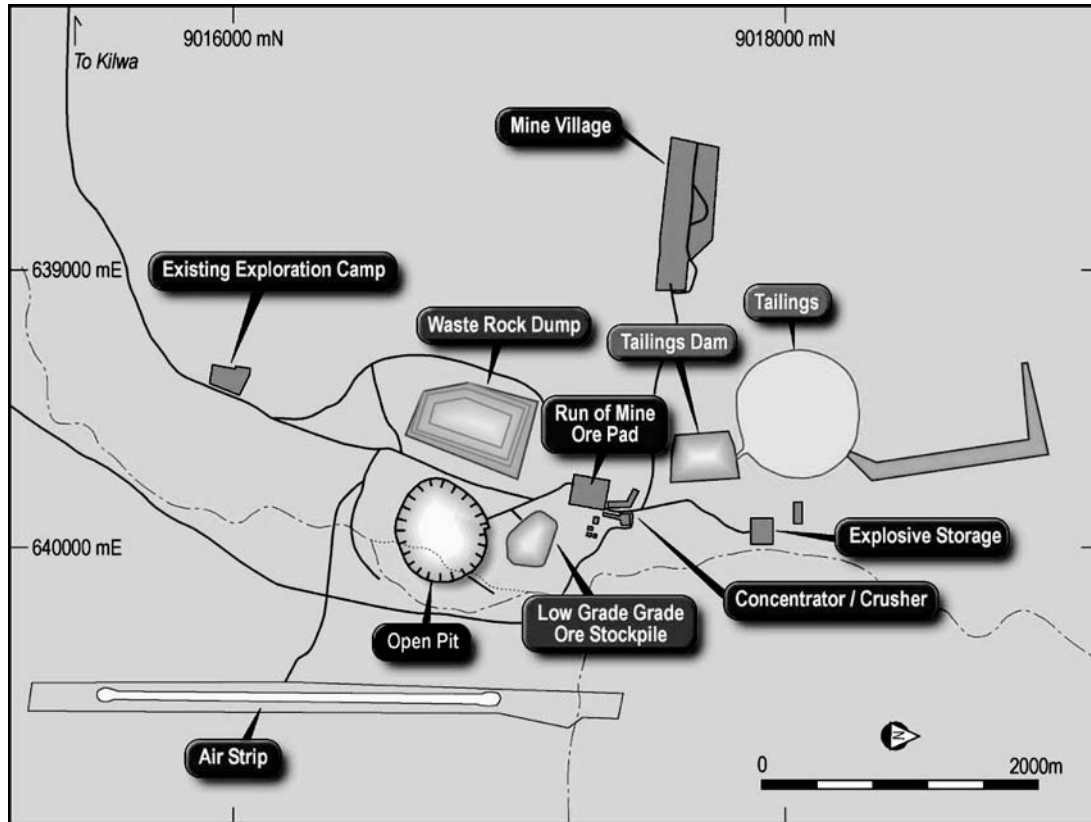
The closest international airport is at Lubumbashi, approximately 450 km to the south. An all weather airstrip is located at the Dikulushi mine and charter flights from Lubumbashi can land directly at site.

The average annual rainfall is 1,260 mm, with a range of 800 mm to 2,200 mm. An Oregon Scientific weather station was installed at Dikulushi in 2006. Weather data collected at Dikulushi over 3 full years from 2006 to 2008 shows an average annual rainfall of 1,127 mm. The wet season begins towards the end of October and finishes at the end of April, with 90% of the annual rainfall occurring during this period. The average minimum recorded temperature is 18°C and the average maximum temperature is 29°C over the year. The wet season does not affect mining or processing operations at Dikulushi but does inhibit exploration activities, and access to some areas within the exploration permit areas with flooded roads and rivers and terrain become difficult to access with vehicles.

Mining operations at Dikulushi are based on Exploitation Permit No. 606 granted on January 31, 2002. The permit is valid until January 30, 2022, and is renewable thereafter for periods of 15 years, subject to compliance with its terms and applicable legislation. There are no competing mining rights (for example, small artisanal mining licenses) in the project area.

The development of the Dikulushi mine has required development of seven major locations, all within the area covered by Exploitation Permit No. 606: (i) the treatment plant area, which includes the mine administration building; (ii) the mine services area, including workshops, fuel farm and powerhouse; (iii) the explosives storage area; (iv) the staff village; (v) the airstrip; (vi) the process water dam; and (vii) the tailings storage facility.

Dikulushi Mine Infrastructure



Source: Figure 4.2 from the Dikulushi Report.

The project is located in a remote area where there is no electrical utility grid. Power is supplied by diesel generators, of which there are six, with a total capacity of 5 MW. There is sufficient back-up capacity.

Mine water is sourced from a raw water dam located adjacent to the tailings dam. Supernatant tailings water is reclaimed via penstock arrangements for use in the processing plant. Potable water is supplied from various bores on the property which are tested regularly.

Labour is sourced locally for camp, geological and drilling assistant type work. As of December 2010, 400 people were employed at the Dikulushi Mine, of which 22 were expatriates.

The tailings storage facility was designed by Knight Piésold Consulting, South Africa. The facility covers 21 hectares. This dam is a typical hillside impoundment and will provide the needed area to limit the rise rate of tailings to acceptable norms. Once the rate of rise has fallen to about 3.5 m/year, natural evaporative drying will result in the tailings deposits losing water from the voids between tailings particles, thereby achieving good consolidation and strength gain. At this stage it will be possible to raise the outer confining wall using the tailings itself for wall building.

The infrastructure on site includes administration offices, a warehouse, mining equipment and maintenance garages, mechanical workshops and a service area with access pit for inspection and repair of vehicles. There is an infirmary on site and a hospital at Kilwa, approximately 50 km from the mine. An assay laboratory has been constructed on site in order to facilitate metallurgical, exploration and grade control sampling. A staff village has been constructed 1.8 km from the process plant. A mess hall, fully equipped kitchen, food storage and laundry facilities serve all employees. Recreational facilities are also available to employees.

Sufficient mobile equipment for the efficient running of the operations is in place, comprising light vehicles (including an ambulance), quad bikes, light trucks, forklifts, buses and generators.

Mobile phone coverage is possible through a dedicated mast located on top of the waste dump. There are satellite systems for data transmission and VOIP telephone coverage. There is a base station radio system, along with vehicle and hand-held radios.

Security is provided by a contractor. Appropriate secure facilities are provided for storage of fuel and explosives.

The Dikulushi and Kazumbula deposits are located on a plateau approximately 1000 metres above sea level. The area surrounding the Dikulushi site is almost entirely covered with woodland and forest, with some swamps or wetland areas. The plateau rises into the Kundelungu ranges 60 km to the west of Dikulushi and forms an escarpment 25 km to the east along the fault-bounded edge of Lake Mweru. A minor ephemeral stream is located near the Dikulushi mine site. The Luapula River is the main drainage into Lake Mweru and both form the international boundary between Zambia and the DRC.

History

The development of exploration and mining at Dikulushi and surrounding areas can be broken down into a historical period in which copper mineralisation was first reported in the early 20th Century by Simkat (Belgian Industrial and Mining Co. of Katanga) and other assessments were made in the 1950s and by the French Bureau de Recherches Géologiques et Minières (“**BRGM**”) during the 1970s, and a current period in which exploration and mining has been conducted by Anvil and Mawson since 1996.

The Dikulushi deposit was discovered by Simkat around 1910 but no records of work completed are available. In the period from 1910 to 1936, the deposit was investigated by Simkat and Société Minière du Lac Moero. BRGM then appraised the deposit from 1974 to 1981 and completed adit sampling, diamond drilling, metallurgical testwork, soil geochemistry and geophysics. The project lay dormant until Anvil pegged the ground in the mid 1990s and subsequently sold CMCC to Mawson.

An open pit mine was commissioned at Dikulushi in October 2002 by Anvil, with run-of-mine ore delivered to an on-site heavy media separation (“**HMS**”) concentrator at the rate of 250,000 tonnes per year. Copper-silver concentrate was subsequently transported by barge across nearby Lake Mweru into Zambia and then by road to smelters in South Africa and Namibia.

During the first 15 months of operation, the geology within the open pit was extensively mapped and, with results of the drilling, resulted in a re-interpretation of the mineralised envelope at Dikulushi.

The DevMin consulting group was approached by Anvil to undertake an open pit mine plan study to estimate the remaining open pit reserves and prepare an open pit life-of-mine schedule for the Dikulushi Mine. This study was initiated in August 2003 when a preliminary pit optimisation was undertaken using Anvil’s current in-house resource model. The initial study was largely an update of previous work carried out by DevMin and showed that with current economic parameters, the feasible depth for open pit mining at Dikulushi could potentially extend down to 150 m below surface. An earlier work phase, carried out in 2002 prior to the mine being commissioned, had stopped the pit at 130 m depth with remaining mineralisation proposed to be exploited by an underground mine.

Further metallurgical work was carried out by Anvil in 2003, resulting in the installation of a ball mill and flotation plant in mid-2004 increasing the throughput to 350,000 tonnes per year. A second ball mill was installed in June 2005 with a further increase in throughput to 520,000 tonnes. This is the current capacity of the treatment plant and the mining fleet was increased to provide the appropriate plant feed tonnage.

With the completion of the planned open cut operations in 2006, the focus moved to developing an underground operation. The run-of-mine (“**ROM**”) stockpile at the end of 2006 was considerable and it was expected that this would see the mine through to the commencement of production from the underground in early 2008.

Upon commencement of underground mining, and due to time constraints, Anvil adopted a sub-level caving method for the underground. However with the realisation that such a method was inappropriate for the type of orebody geometry at Dikulushi, the decision was made to move to a Modified Avoca method of mining. This necessitated a hiatus in ROM feed to the plant in April 2008 due to the intensive nature of development required for a bottom-up mining method.

Anvil mined the Dikulushi deposit between 2002 and 2008. Production statistics are presented in the table below.

Historical Anvil Production for the Dikulushi Mine

<u>Year</u>	<u>Tonnes processed</u>	<u>Grade Cu%</u>	<u>Grade Ag g/t</u>	<u>Average recovery (%)</u>	<u>Cu produced (tonnes)</u>	<u>Ag produced Mozs</u>
2002 (HMS)	36010	7.26	144	66.7	1340	0.08
2003 (HMS)	273500	7.68	195	66.1	13613	1.16
2004 (HMS/Float)	245000	6.39	177	69	10840	0.89
2005 (Float)	410000	5.07	149	86	16900	1.63
2006/07 (Float)	1059950	5.12	151	81	46507	4.45
2008 (No Dec)	471590	3.16	84	75	11177	0.97

Note: Figures rounded

Source: Table 6.3 from the Dikulushi Report

By the end of 2008, with global financial markets in turmoil and the subsequent plunge in the copper price, the decision was made to place the Dikulushi mine on care and maintenance.

Mawson subsequently acquired the Dikulushi Mine from Anvil in April 2010, in consideration for which it issued 83,070,000 shares to Anvil, representing approximately 28% of the issued capital of Mawson at that time. Mawson immediately started plant refurbishment, which was completed in July 2010. The plant then started processing the low grade stockpile and continues to the present time.

Mawson is undertaking regional soil exploration programmes within 50km of Dikulushi; targets within trucking distance of the processing plant. Results have been mixed, with some areas being targeted for infill from this work.

Mawson has also completed a review of Anvil prospects that were drilled and has completed drilling on several prospects, all within 20 km of the Dikulushi plant with the objective of defining additional open pit resources within trucking distance of the plant. Kazumbula was the first prospect to be drilled, and a Mineral Resource estimate has been completed for this prospect.

Geological Setting

The Dikulushi and Kazumbula deposits contain copper-silver mineralisation, and are located west of Lake Mweru, near the eastern margin the Katanga sedimentary basin, in an area known as the Kundelungu Plateau. Deformation of the Katanga Supergroup sedimentary rocks is mild, and comprises open upright folds developed in association with major north-northwest and subordinate north-northeast-trending faults. An angular unconformity separates the undeformed, uppermost subdivision of the Kundelungu Group (Plateau Series) from the remainder. Regionally, mineralization is known from at least three stratigraphic levels in the Kundelungu Group, but all occur beneath this unconformity. These deposits are hosted by the Kalule Formation, and ore is best developed in red sandstones and shales of the Mongwe member, above a conspicuous reduction-oxidation (redox) and pH boundary with the grey carbonates of the underlying Kiaka member. Mineralization at Dikulushi is strongly fault-controlled, but across the district many copper occurrences, including Kazumbula, are associated with the same stratigraphic position. Stratabound mineralization is known from higher and lower in the stratigraphy. In the greater Dikulushi district, prospective parts of the stratigraphy are exposed in areas of low terrain from which the upper un-mineralised sequences have been removed by erosion. Mineralisation occurred during the dying stages of the Lufilian Orogeny (560 Ma) as compression and ductile deformation gave way to extension and brittle deformation. Several hundreds of millions of years later the deposit was chemically reworked and upgraded by circulating groundwaters.

The Dikulushi and Kazumbula deposits principally comprise fault-hosted lodes of massive to semi-massive copper sulphides with minor disseminated and stockwork mineralization in the wallrocks. The deposits are mostly hosted by red siltstones, with lesser ore hosted by underlying grey carbonate rocks and fragmental rocks that mark the contact between the two. The mineralized Dikulushi Fault trends east-northeast and breaches the northeastern nose of an north-northeast-trending elongate plunging antiform. This orebody therefore is suborthogonal to stratigraphy. Prior to mining at Dikulushi, it was approximately 400 m long, 10 metres wide and extended from surface to a depth of at least 450 metres. The Kazumbula orebody comprises a fault-controlled lode of disseminated and minor fracture hosted copper sulphides and oxides. The ore body is hosted by siltstones and intercalated granular lithic sandstones. These have pervasive grey-green hydrothermal illite alteration when they occur in the immediate wallrocks to the orebody, but are red-brown elsewhere. The mineralized Kazumbula Fault trends east-northeast, but mineralisation is located at the intersection of the fault with other structures trending north-northeast and north-northwest. These structures are considered to have been

active in concert as parts of a conjugate strike-slip shear array. Gently folded stratigraphy on the eastern limb of the Kabangu Antiform abuts the fault plane. The orebody is sub-orthogonal to stratigraphy and appears to be restricted to preferred brittle and permeable stratigraphy. As it is presently known, the deposit is approximately 180 m long, 12 m wide and extends from surface to a depth of approximately 80 m as confirmed by drillhole intercepts.

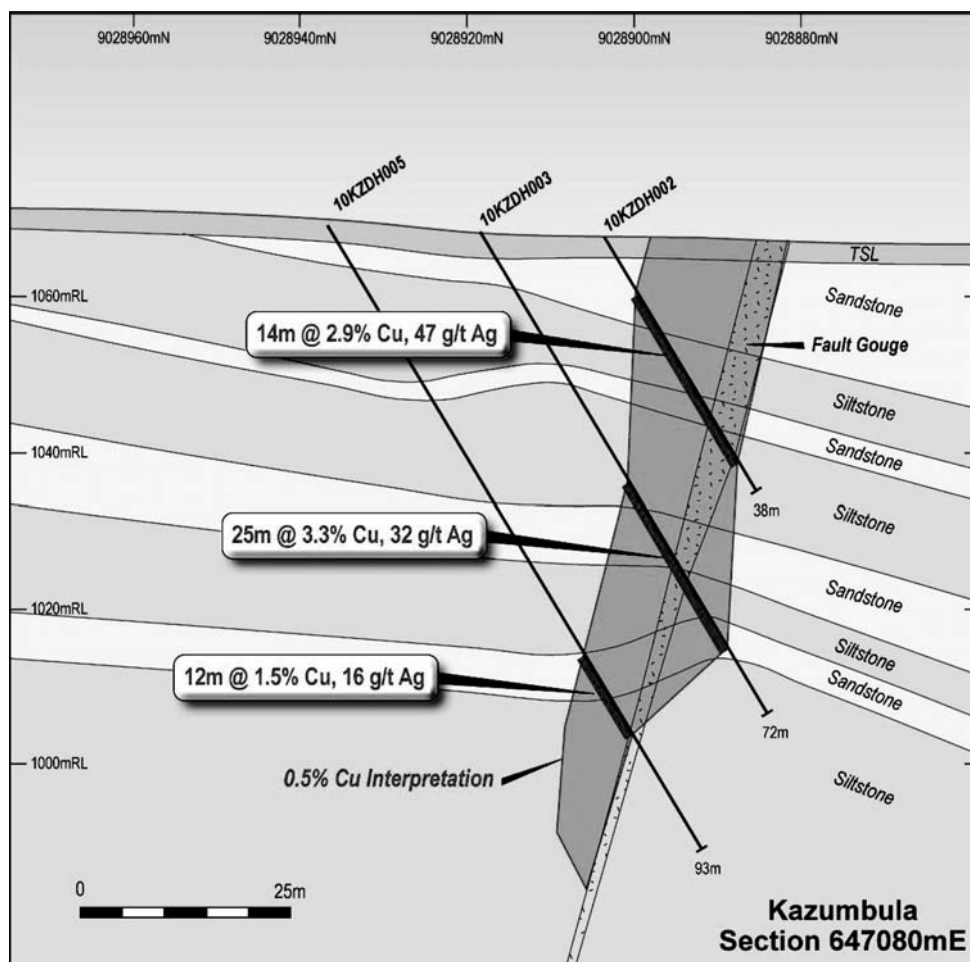
Exploration

The Dikulushi deposit is at an advanced stage of exploration, with a 160 m deep open pit and several kilometres of underground development located below the pit. The Dikulushi and Kazumbula deposits have been drilled on a close-spaced grid, ranging from 25 m to 75 m centres. Some holes at the Dikulushi deposit have demonstrated mineralisation continuity up to 500 m below surface. There is sufficient evidence from drilling and mining data to support a high degree of confidence in both the geological and grade continuity of these two deposits.

The low grade ROM stockpile has been drilled with a 40 m grid of holes and is supported by an accurate survey of its volume, which, together with historical production and current processing statistics, has enabled confident evaluation.

Mawson has also completed a review of Anvil prospects that were drilled and has completed drilling on several prospects, all within 20 km of the Dikulushi plant with the objective of defining additional open pit resources within trucking distance of the plant. Kazumbula was the first prospect to be drilled, and a mineral resource estimate has been completed for this prospect. Regional geophysical anomalies have been used to identify areas which coincide with favourable structure and stratigraphy.

A typical vertical cross section through the Kazumbula deposit, highlighting key geology associated with mineralization



Source: Figure 7.4 from the Dikulushi Report.

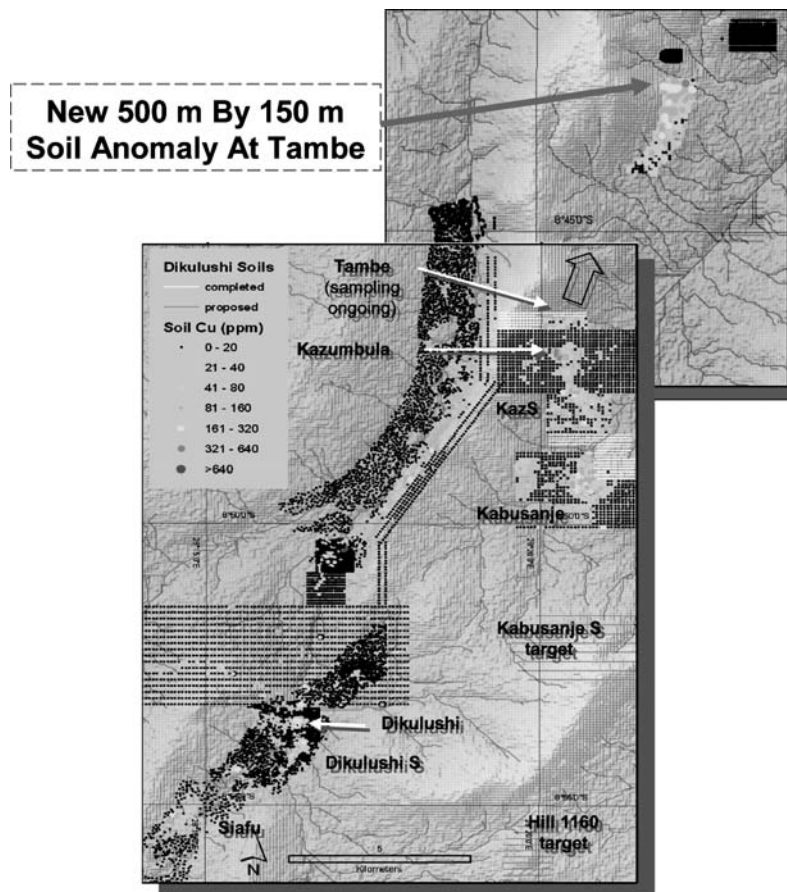
Mawson is currently completing geotechnical and mine planning studies in order to optimise the development of its underground or pit cutback mining of the remaining resources at Dikulushi.

Exploration was planned around systematic geological and geophysical targeting followed by confirmation of mineralisation by surface sampling and drilling methods. Dikulushi is understood to be central to three significant deposits located along a 175 km strike length of identified prospective (Upper Roan and Lower Kundelungu Group) stratigraphy. This area is largely covered by the extents of the Dikulushi prospecting properties. Targets associated with the Dikulushi deposit and its nearby surrounds are identified as having similar geochemical anomalies. Mineralisation similar to the Dikulushi deposit has been confirmed from exploration in several of the surrounding prospects with at least a dozen un-tested targets having been identified. Mawson is optimistic that the number of targets will increase with further exploration. The district immediately adjacent to the Dikulushi deposit is therefore expected to provide a focus for further plant feed.

The most recent metallurgical testwork was managed by Sedgman Metals, a metallurgical consulting company of Perth, Western Australia, and was completed at AMDEL Laboratories in Perth. The HMS tailings and low grade ROM stockpile material was sampled for flotation testwork. Results of the testwork highlight the tailings concentrate to have an optimal grade of 49% total copper at a recovery of 50%. The low grade material concentrate achieved a grade of 45.3% total copper at a recovery of 80.3%. However, the results of the low grade bulk sample are to be treated with caution due to an anomalous head grade not considered representative of the grade for the low grade stockpile.

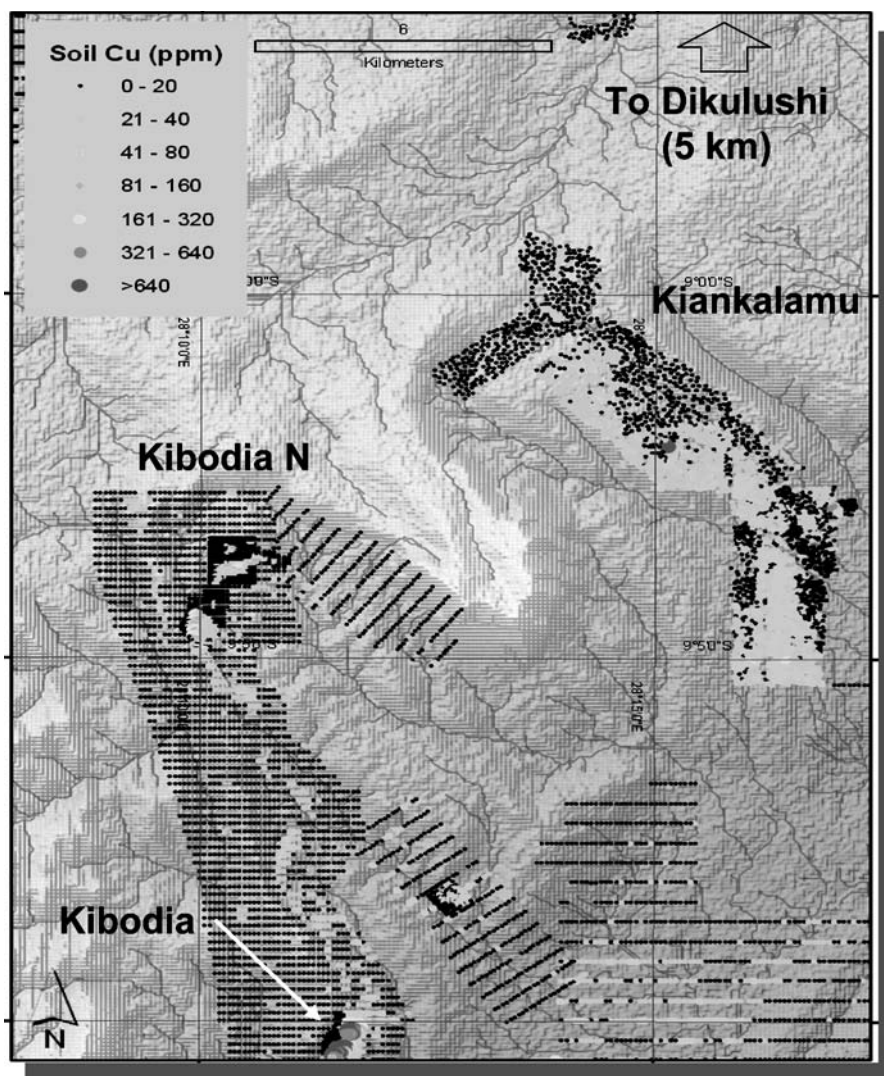
Historical soil and termite sampling covers broad areas within the near-mine environment. In addition, mapped outcrops of mineralization together with structural targeting and extensive drilling suggest good potential for extension of the Dikulushi and Kazumbula deposits, as well as other target sites. Infill soil sampling of existing targets and first-pass soil geochemical coverage of new geophysical targets are in progress, including at Dikulushi North and Dikulushi South. There are greater than six shallow fault-controlled copper-silver occurrences at Dikulushi North. There are also three new magnetic-radiometric targets to be investigated at Dikulushi South.

Soil Anomalies at Dikulushi North



Source: Provided by the Company.

Soil Anomalies at Dikulushi South



Source: Provided by the Company.

Mineralization

The copper-silver mineralisation at Dikulushi is hosted by Neoproterozoic rocks of the Katanga Basin, which further south host the Central African Copperbelt; the largest and highest-grade sediment-hosted copper province on earth. The Katanga Basin developed as an intra-continental basin during break-up of the Rodinia supercontinent, and the basin closed during the continental assembly of Gondwana. The Katanga Supergroup, which is the principal host to copper mineralization in the Congo, contains marginal marine and marine sedimentation deposited between 880-550 million years ago. Copper was deposited in the basin at low concentrations as a component of the material eroded from the continental land masses on either side. Periodically, ice ages and associated arid climates caused the basin to be isolated from the open ocean; water evaporated and salt was deposited among the sediments. Upon burial and deformation during a phase of tectonism known as the Lufilian Orogeny, water, salt and copper were mobilised from within the sedimentary pile. Copper deposits formed where flow of this metal-rich liquid was focussed and conditions favoured re-precipitation. Mineralization occurred at several stages in the geological history of the region. Many of the large lower grade deposits that define the Copperbelt in Zambia and southern Congo formed early, during sedimentation, and broadly take the form of their host sedimentary layers. Discordant, high grade copper deposits such as Dikulushi formed in association with shallow brittle faulting that occurred later in the sedimentary history of the basin. Gangue minerals typically associated with the mineralization at Dikulushi are quartz, feldspar, pyrite and clays.

Dikulushi mineralisation is characterised by a hydrothermal copper-silver vein system hosted by Proterozoic sediments of the Upper Kundelungu Group, and has two distinct ore zones. A dominant “Footwall” zone is intersected over a 230 m length with thicknesses of up to 25 m, decreasing with increasing depth. This zone comprises semi-massive chalcocite and/or bornite veins, strikes east-northeast and dips southeast at approximately 65°. Exhibiting good strike continuity, it can be traced to depths of approximately 500 m below surface. A secondary “Hanging Wall” zone is observed over 50 m widths, and comprises discontinuous, steeply dipping, chalcocite veins, veinlets and disseminations. These dip at varying angles to the Footwall zone and may occasionally intersect it. Apart from minor other occurrences, this lode is largely absent below the base of the open pit.

Prior to mining at Dikulushi, the Dikulushi orebody was approximately 400 m long, 10 m wide and extended from surface to a depth of at least 450 m.

The Kazumbula orebody is approximately 180 m long, 12 m wide and extends from surface to a depth of approximately 80 m.

Drilling

The principal drilling at the Dikulushi Mine prior to 2010 was completed by Anvil. Subsequent to acquiring the Dikulushi Mine in April 2010, Mawson carried out certain programmes related to the Kazumbula deposits and low grade stockpile.

During the latter half of 1997, Anvil completed 26 reverse circulation drillholes and 18 diamond drillholes which together with the BRGM drilling formed the basis for a pre-feasibility study completed by Signet Engineering of Perth, Western Australia. Anvil subsequently carried out additional drilling in 2000, 2003, 2004, 2005-6, 2007 and 2008, which is detailed in the table below.

Historical Drilling Summary for the Dikulushi Mine

<u>Company</u>	<u>Period</u>	<u>Type</u>	<u>No. Holes</u>	<u>Metres</u>	<u>Sequence</u>
BRGM	1974-1981	DDH	48	5226	DIK1-47
	1997	DDH	18	2115	DDH1-14, DR15, 19, 20, 38
		RC	26	2305	DRC15-40
	2000	RC	22	786	DRC043-064
	2003	DDH	4	885	DDH16-19
		RC	21	1768	DRC065-085
Anvil	2004	RC/DDH	14	414/3811	DDH020-035 (no 032)
	2005-2006	DDH	14	5779	DDD38-052
	2007	DDH	9	2061	DDD053-061
			78	4130.9	UGD001 to UGD97
			2	1251	SUR001&005
	2008	DDH	2	1251	SUR001&005

Source: Table 10.1 from the Dikulushi Report.

In late 2008, there was the recognition that another surface drilling programme was needed as there was significant and increasing capital cost being sunk into the Dikulushi mine. The objective of the 2008 programme was to better define the resource below the 630 mRL to assist with the planned underground development. The orebody below the 630 mRL was at the bottom of the resource model at the time. A decision was made to mobilize a Titan drill rig to site in late October 2008 to commence drilling. By the time the mine was placed on care and maintenance in early December 2008, only two out of the five proposed holes had been completed. Both holes intersected the mineralisation but were not sampled.

Mawson has subsequently completed some geotechnical drilling for pit cutback and underground development studies, but this has not been sampled. In addition to these holes, Mawson has carried out drilling at the low grade stockpile and at Kazumbula.

For the low grade stockpile at Dikulushi, an RC drilling program was carried out during October 2010 by Mawson. The purpose was to provide assay information for the remaining life of the stockpile and to ascertain through the logging of the chips whether there was a significant change in oxidation levels for the lower elevation volumes. 25 holes, for 192 m of sample, were drilled on an approximate grid of 40 m by 40 m in order to cover the stockpile. The drilling rig used was a Titan RC Rig using a 6 inch bit.

Collar surveys of completed drillholes were collected using a Leica total station by the mine surveyor. Collar surveys were stored with both local mine grid and UTM coordinates. A local Dikulushi Grid was established. Hole collars for the low grade stockpile were surveyed after completion of drilling. The holes were not surveyed down hole as the holes were vertical and short, with the deepest being nine metres. Downhole surveys of drillholes were completed every 30 m of advance in order to ensure each hole was not deviating too much from the planned dip and azimuth. The surveys were measured using an Eastman downhole electronic single-shot camera which records the dip and azimuth and results were then tabulated for each hole as a report, which was checked by the site geologists for accuracy. The camera has a stated accuracy of 1 degree in dip and azimuth. No magnetic minerals have been noted in the logging of the drill core at Dikulushi and thus the recorded azimuths are correct.

Holes were drilled to intersect the mineralisation normally, and thus significant true width conversions were not required. The average mineralisation true thickness is significantly greater than the average (1 m) downhole drilling increment, so distorted intersections of the mineralisation at Dikulushi and Kazumbula were not obtained.

At the Kazumbula deposit, Mawson drilled 17 RC and 10 diamond holes/tails to define the near surface copper mineralisation during August and September 2010. The drillhole spacing was approximately 15 m, along drill lines spaced 20 m apart. Drillholes were drilled at approximately -60 degrees to the south-southeast to maximise the angle of intersection with the orebody. The RC drilling was completed by Titan Drilling of Lubumbashi utilizing a truck mounted RC rig.

Sampling and Analysis

All the drilling data used in the Dikulushi resource estimate was collected by Anvil. A review of Anvil's procedures by Mawson personnel concluded that they were of an acceptable industry standard. The sampling procedures described below have been used for all diamond core drilled at the Dikulushi deposits. All sampling and logging data is stored in secure database systems and has been subject to routine validations during capture and storing.

Drill core (HQ and NQ size) is sampled by splitting it in half with a water lubricated diamond blade saw. Mawson has ensured the diamond blade is cleaned frequently using a brick to prevent across metre contamination (especially in zones of massive sulphide). All drill core was sampled on a metre basis from the start to end of hole. Minor residual sample lengths (less than one metre) may occur at the end of holes. Each metre sample of half drill core is collected from a consistent side of the drill core and placed into a sequentially numbered sample bag. Sample log books are used to record the drillhole number, sample number and the from and to sample depths. Mawson has additionally incorporated electronic data capture of the sampling into a toughbook laptop computer.

Calico/sample bags were tied up and placed into larger labelled plastic bags for transportation. Submission forms for the laboratory were completed and placed into a small plastic bag within the large labelled plastic bag. The samples were appropriately packaged for transport to the respective international or mine site laboratories. Transport documentation and customs clearance were completed by the company representatives. Laboratory turn-around times varied from a few days to typically three to four weeks for the international laboratories.

At the end of a core run, the drillers attach a water hose and pump the HQ/NQ core out of the barrel into an angle iron ensuring minimal disturbance. The driller records the total depth and core run length on a core block, also noting any core loss and places this into the core tray at the end of the run. The site geologist regularly checks the depths provided by the drillers with the core in the trays during site visits. Diamond core recovery is good and was noted to be above 95%. Any handling core breaks are marked with a cross. Once a core tray is full, the tray was labelled with from and to depths and the hole number. The labelled core trays were moved to the core logging/storage area at the Dikulushi mine site.

The drill core was washed to remove any residual cuttings. Downhole metre marks were made by the geologist on the consistent half of the core. Wet core was photographed for the more recent drillholes, using a digital camera before logging. Labels showing hole number, tray number and from and to depths were placed in the photo frame for each core tray photograph. Core recovery, rock quality description (RQD), geology, alteration and mineralization are logged onto standard paper logs and more recently by Mawson into a toughbook laptop computer using Log Chief software. The logs were electronically captured into an Access database at Dikulushi or electronic logs were emailed to Mawson's Perth office and loaded into the central Datashed database.

RC sample cuttings were routinely collected at mostly one metre and occasionally two metre intervals with a cyclone into a green UV degradable plastic bag. The sample cuttings were split using a Jones riffle three tier splitter which splits 12.5% to a calico bag and 87.5% to a green bag. The bags of cuttings were routinely weighed prior to splitting to ensure acceptable recoveries. The calico bag samples were also weighed and limited to ten samples per labelled polywoven bag,

which were sealed with a cable tie for transportation back to the core yard and stored in a dry area until delivered to the onsite or international laboratory.

Strict quality control procedures have been used for all RC drilling in order to ensure optimal quality samples. Quality control procedures include: (i) use of face sampling hammers; (ii) routine blowbacks (i.e. each metre is cleared into the sample bag prior to moving on to the next metre of advance); (iii) routine weighing of collected RC cuttings; (iii) the cyclone is cleaned at each rod change; (iv) on a rod change, any material in the hole is cleared before the first new metre sample is collected; (v) the riffle splitter is cleaned with brushes between each rod; and (vi) every 20 m a field duplicate sample is collected by riffle splitting the bag of cuttings a second time.

A representative selection of the drill chips were washed using a sieve in water, and a sample of each metre placed into a chip tray numbered by hole and from and to depths. The geologist logs the chips for geology, alteration, oxidation and ore mineralogy onto standard paper logs or in the case of Mawson, directly into an electronic toughbook computer. The logs were electronically captured into the Dikulushi Access database or in the case of Mawson, were uploaded into the Perth based Datashed database by the Mawson Database Administrator. The full drilled length per hole was sampled every metre. The low grade stockpile samples were similarly collected every metre using in house procedures to reduce contamination and were split through a riffle splitter with approximately 20% collected in calico sample bags. These samples were submitted to the onsite sample laboratory for sample preparation and analysis. The laboratory is managed by SGS, a company with a good reputation for assaying.

RC chip and diamond drilled core recovery are of good quality with no major risks identified for use in resource estimation. Dedicated twin hole drilling was not completed for significant intersections, primarily due to the high variability in fracture and vein style of mineralisation in the centimetre to metre scale. Anvil did complete extensive RC, diamond, blast hole and underground sludge hole drilling across the Dikulushi deposit. Comparison of these drilling methods with each other, by using quantile-quantile plots, highlighted similar results, with exception of the underground sludge hole drilling, which was not included in the estimation of the Dikulushi deposit.

Preparation and assaying of samples from the Dikulushi Project has been carried out at three independent laboratories: (i) Genalysis (RSA) and Genalysis (Western Australia); (ii) ALS-Chemex (RSA) (from Jan 2008); and (iii) SGS (Dikulushi).

Samples sent to Genalysis Johannesburg, South Africa were processed and analysed using the following methods. All samples were weighed, then dried at 110°C for 8 hours and then crushed to a nominal 10 mm crush size in a conventional jaw crusher. The entire sample was then pulverised to a nominal 85% passing 75µm in an LM-5 mixer-mill. A scoop of the pulverised sample was then digested by the AX method which was a modified (higher precision) 4 acid digest for base metals. Analysis technique was by AAS for Copper (0.01% detection limit) and Inductively Coupled Plasma Mass Spectrometry (ICP-MS) for Ag (1ppm detection limit), As (10ppm detection limit), Co (1ppm detection limit) and U (0.1ppm detection limit). Results were reported electronically via email and hard copy report was mailed to Mawson and Anvil staff.

Samples sent to ALS Chemex in Johannesburg, South Africa, were prepared and analysed by the following procedures. Samples were weighed and then dried for 8 hrs at 110°C and then fine crushed to 2 mm with a 250 g split of the sample taken for pulverising to 85% passing -75µm. The sample is then digested in a four acid mixture (HF, HNO₃, HClO₄) and a HCL leach with analysis by AAS (method AA62) for Copper (0.01 to 40% reporting range). Other elements were analysed by the ICP-AES (optical emission method) with detection limits of Ag (0.5ppm), As (5ppm), Co (1ppm), U (10ppm) and Co (1ppm).

Samples sent to the SGS laboratory at Dikulushi were prepared and analysed by the following procedures. Received samples were sorted and dried at 105 °C for a minimum of 8 hours and then crushed to a nominal 10 mm crush size using a jaw crusher. Samples were split to 250g and then pulverised to 90% passing -75µm. The sample was then digested in triple acid digest (A103 method; 0.4g, Hydrochloric acid, Nitric acid and Perchloric acid) and finally analysed by AAS machine with low detection limit (DL) for Copper of 0.001% and an upper detection limit (UL) of 5%, Silver DL was 5ppm and UL was 500ppm, Cobalt DL was 20ppm and UL was 5%, Lead DL was 10ppm and UL 2.5%, Arsenic DL was 0.01% and UL was 5%, Zinc DL was 10ppm and UL was 5%, Fe DL was 0.01% and UL was 100%. The sample batches included 2 standards, 2 blanks, 2 repeats and 1 replicate per 43 samples.

Specific gravity samples were collected every metre from the massive sulphide zones and from a representative selection from the transitional and primary zones and un-mineralised zones. Diamond core samples were prepared by 'squaring off' the ends of approximately 10-20 cm billets of half core. A total of 1,294 specific gravity (SG)

measurements were made of dried half core to obtain the dry weight at Kazumbula. The same piece of core was then measured in water on a suspension cage below the same electronic scale. The conventional formula for SG determination was used (i.e. $SG = \text{Dry Sample Weight} / (\text{Dry Sample Weight} - \text{Wet Sample Weight})$).

QAQC for exploration drilling samples includes use of standards, blanks and duplicates, together with internal/laboratory batch control information.

Analytical results from sample blanks suggest that contamination was kept to a minimum.

Both blank and standard sample results indicate that minor sample mislabelling occurred.

The respective laboratories perform internal QAQC checks.

Failed batches are automatically repeated until acceptable results are achieved.

RC field duplicate samples were routinely collected to allow assessment of the field sampling error (or bias) once the laboratory error, determined from analysis of pulp duplicates, has been subtracted. Analysis of field duplicates and analytical laboratory suggests that the sampling error is low and that precision is within acceptable limits.

Field duplicates of low grade stockpile samples highlighted some risk to the precision of sample results, as may be expected from drilling and sampling of broken ore material. Duplicate results had approximately 60% of the duplicate pairs with a half the absolute relative difference (HARD) value of less than 10%. Precision risks are noted and have been considered in the Mineral Resource classification.

Sampling of drillhole material and QAQC is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. Sampling and sub-sampling procedures are of good standard industry practice and have occurred in a safe and secure manner, with minimal time lags between drillhole sampling and analysis. Sufficient drillhole material has been retained should additional verification of results be required. Sample security, preparation and analytical procedures are believed to be able to support representative sample assay results for estimation.

Submitted blanks did not raise any risks with regard to contamination.

The comprehensive program of multiple standard and blank inserts at regular intervals has highlighted that the Dikulushi, Kazumbula and low grade stockpile sampling is both accurate and precise and has negligible contamination. Repeat or duplicate analysis or RC samples reveals that precision of samples is within acceptable limits. The Mawson RC field duplicates had 90% of its pairs with differences (half absolute relative differences or HARD values) below 15%, which concurs with the results from Anvil. In addition, the accredited and independent laboratories have evidence of good internal QAQC practices. These results combined with the good spatial distribution of QAQC sampling, support accurate, precise and un-contaminated sample assay results and have been verified by the lead QP. According to these results and the number of samples available for estimation, the Dikulushi, Kazumbula and low grade stockpile drill databases should provide satisfactory sample support and quality for estimating their in-situ mineralisation.

Security of Samples

The Dikulushi deposit, Kazumbula deposit and low grade stockpile drillhole samples were all prepared by the respective independent laboratories. No sample preparation other than diamond core cutting was carried out by Mawson or Anvil employees.

Mawson has ensured close scrutiny of sample submission procedures by their technical staff, which combined with the rapid submission of samples for analysis, allowed minimal opportunity for sample tampering. Standard QAQC practices, including securely sealed sample bags, have also ensured representative quality sample results.

Reference materials, including chips, core, pulps and residues are retained and stored at the Dikulushi mine site. Assessment of the data indicates that the assay results are generally consistent with the logged alteration and mineralisation tenor.

Mineral Resource and Mineral Reserve Estimates

The current Mineral Resources and Mineral Reserves of the Dikulushi Mine are comprised of resources and reserves from: (i) the Dikulushi orebody; (ii) the low grade stockpile; and (iii) the Kazumbula orebody.

The Dikulushi orebody has been modelled using a lithology-based interpretation of the mineralized zones. A block model estimate was completed in May 2009 by David Gray. The estimate includes all available data as at the end of November 2008 when the Dikulushi mine was placed on care and maintenance by Anvil, with no outstanding core logging, sampling or assay results remaining. The resulting Mineral Resource statement has been depleted for open pit

and underground material as mined through to November 2008. The resulting Mineral Resources are shown in the following table.

**Dikulushi Mineral Resources
(As at May 2009)**

<u>Category</u>	<u>Volume (m³*1,000)</u>	<u>Density (t/m³)</u>	<u>Tonnes (*1,000)</u>	<u>Copper (%)</u>	<u>Silver (g/t)</u>
Measured Mineral Resources	182	2.8	510	7.8	234
Indicated Mineral Resources.	86	2.8	241	5.8	118
Total Measured and Indicated Mineral Resources.	268	2.8	751	7.2	197

<u>Category</u>	<u>Volume (m³*1,000)</u>	<u>Density (t/m³)</u>	<u>Tonnes (*1,000)</u>	<u>Copper (%)</u>	<u>Silver (g/t)</u>
Inferred Mineral Resources	129	2.8	361	7.1	94

Note: Using a 1.5% copper cut-off grade.
Source: Table 17.1 from the Dikulushi Report.

The low grade stockpile material has been modelled by David Gray of Optiro using recent survey and drilling data obtained by Mawson. The resulting estimates are supported by historical production and current processing data. The Mineral Resources and Mineral Reserves are shown in the following table. Mineral Resources are inclusive of Mineral Reserves.

**Low Grade Stockpile Mineral Resources and Mineral Reserves
(As at November 2010)**

<u>Category</u>	<u>Volume (m³*1,000)</u>	<u>Density (t/m³)</u>	<u>Tonnes (*1,000)</u>	<u>Copper (%)</u>	<u>Silver (g/t)</u>	<u>Add Soluble Copper (%)</u>
Indicated Mineral Resources	272	1.8	489	1.34	21	0.7

<u>Category</u>	<u>Volume (m³*1,000)</u>	<u>Density (t/m³)</u>	<u>Tonnes (*1,000)</u>	<u>Copper (%)</u>	<u>Silver (g/t)</u>	<u>Add Soluble Copper (%)</u>
Probable Mineral Reserves	272	1.8	489	1.34	21	0.7

Note: Since the entirety of the stockpile will be mined, resources of reserves have not been quoted above a cut-off grade.
Source: Table 17.17 from the Dikulushi Report.

The Kazumbula orebody was originally drilled by Anvil. Mawson has developed confidence in this deposit's grade and geological continuity by drilling additional RC and HQ3 diamond core during 2010. A litho-structural and grade based interpretation has been completed by Adam Anderson of Mawson. The Mineral Resources are shown in the following table.

**Kazumbula Mineral Resources
(As at November 2010)**

<u>Category</u>	<u>Volume (m³*1,000)</u>	<u>Density (t/m³)</u>	<u>Tonnes (*1,000)</u>	<u>Copper (%)</u>	<u>Silver (g/t)</u>
Indicated Oxide Mineral Resources.	66	2.41	159	1.75	14.7
Indicated Sulphide Mineral Resources.	60	2.65	160	1.89	22.9
Total Indicated Mineral Resources.	126	2.52	318	1.82	18.8

Note: Using an effective 0.5% copper cut-off grade.
Source: Table 17.13 from the Dikulushi Report.

Mining Operations

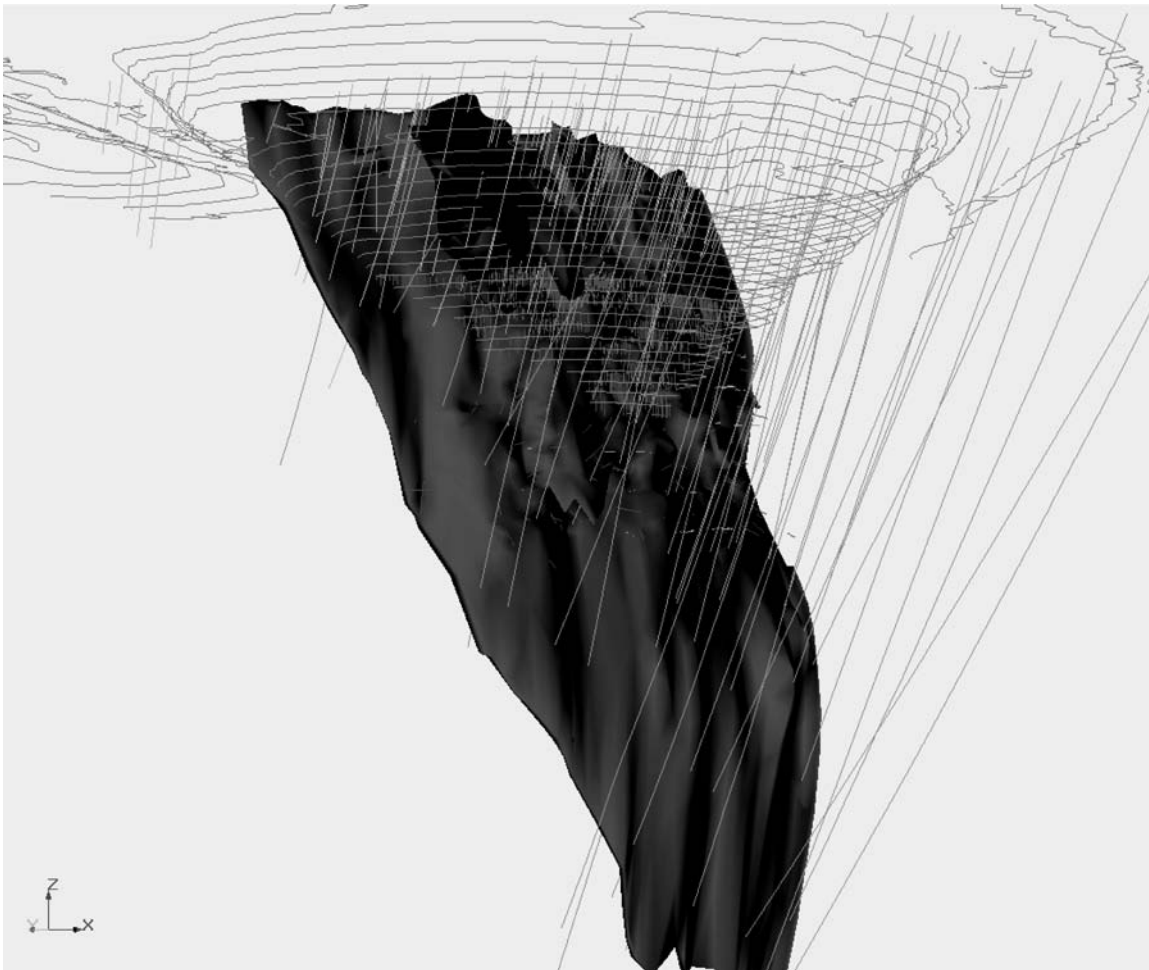
Mining Method and Process

The Dikulushi mine was acquired from Anvil by Mawson in April 2010, and Mawson immediately started work on the refurbishment of the plant, which was completed in June 2010. Since June 2010, Mawson has been producing copper-silver concentrate from a feed of blended HMS tails and reclamation of the low grade stockpile.

Mawson is currently investigating options to mine out the remaining high grade resource at the Dikulushi deposit, particularly the remaining crown pillar 60 m below the pit floor and is completing a feasibility study to assess how best to access the mineralisation below the current open pit. Two options are being evaluated; either a pit cutback or an underground operation. Preliminary capital costs for the cutback are estimated by management to be approximately \$51.7 million.

If the cutback was completed, management estimates that over 80 million pounds of copper could be produced from the crown pillar at grades in excess of 7% Cu, which would result in low cash costs and high cash netbacks. Production from the crown pillar could occur as early as 2012, assuming the feasibility study is positive, given the existing mill and mine infrastructure.

A Vertically oriented 3D view at Dikulushi, looking southwest, showing mineralisation lenses and current drilling



Source: Figure 17.2 from the Dikulushi Report.

The low grade stockpile and the Kazumbula resource will be used to provide mill feed during the development period for the main Dikulushi resource.

Between June 2010 and November 2010 a mixture of four sources was used as feed for the plant: (i) a small amount of remaining high-grade ore (6,500 t); (ii) slimes rejected from the HMS plant operated by Anvil; (iii) HMS tails from the

Anvil operations; and (iv) the low grade stockpile, reflecting ore from both open pit and underground mining. A breakdown of this production is given in the following table.

Plant Feed Sources at Dikulushi since June 2010
(dry tonnes)

<u>Month</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>Total</u>
Low Grade	5387	36157	43882	38157	19525	44420	187528
HMS Sand	—	—	—	2682	5030	4148	11860
HMS Slime	—	—	—	—	2895	461	3356
Total	5387	36157*	43882	40839	27450	49029	202744

* July's production includes approximately 6,500 t of remnant high grade Dikulushi ore.

Source: Table 19.1 from the Dikulushi Report.

Mining of the low grade stockpile is a simple operation that requires loading ore into trucks from the stockpile, which is approximately 750 m from the ROM pad. Ore is then moved to the ROM pad and fed into the plant feed bin using a front end loader.

The Kazumbula pit will be mined by conventional truck and shovel mining on 2.5 m flitches, assisted by ripping and blasting. For the first 10 m, benches are expected to be mined with no blasting. Thereafter 5 m benches will be drilled and blasted on a 4 m x 4 m blasthole pattern using powdered explosive or packaged emulsion, depending on the blast being in dry or wet ground. Blasting will be conducted within a nominated hour of the day, and the size of a blast will be limited to 30 t of explosive with the maximum instantaneous charge restricted to 250 kg. Grade control will be effected by assaying rip lines through the zones suspected to be ore bearing at 5 m horizontal intervals. Once the blast hole drilling starts, production blastholes and additional infill holes will be assayed for 2.5 m sample composites.

Dust suppression within the minesite during the dry season will be by application of (sugar molasses) dust suppressant compound on the key mine roads aided by conventional water spraying by tanker truck.

High grade ore (above 1.5% Cu) will be sent to the ROM rehandle area to the south of the pit and the Low grade ore (between 0.8% Cu to 1.5% Cu) will be stored in a stockpile positioned between the western edge of the pit and the ROM pad. Both High grade and low grade stockpiles will be accessible by trucks that will transport the ore to Dikulushi concentrator.

The crushing plant consists of 3 stages; primary jaw crushing, followed by 2 stages of cone crushing in a closed circuit with a double deck vibrating screen, producing a minus 20 mm product for the grinding circuit feed. The grinding circuit consists of two overflow ball mills in parallel configuration in closed circuit with a 250 mm hydrocyclone. Each ball mill is powered by a 750 kW motor. The grind sizing parameter is 70% passing 106 microns. The mill is capable of treating in excess of 520,000 tonnes of ore per annum.

Both ball mills discharge to a common sump, and the slurry is pumped to a single 250 mm diameter cyclone. The cyclone underflow gravitates to an Outokumpu SK240 Unit Flotation Cell to recover coarse liberated copper sulphides, which report directly to the final concentrate. The cyclone overflow reports to conditioning and conventional flotation at 35% solids.

A relatively simple flotation circuit is in place; the circuit consists of two sections, a primary sulphide flotation and a secondary sulphide/oxide flotation. Collector and frother addition is conventional when processing low grade ore. The splitting of the circuit is due to the presence of oxide minerals in some of the ore blends which require activation using sodium hydrosulphide (Na₂S) to enable them to be recovered. As sodium hydrosulphide can depress some sulphide minerals, the majority of the sulphide minerals are recovered in the primary sulphide flotation circuit.

The tailing from the primary sulphide flotation circuit is sulphidised and the liberated oxides and additional sulphides are recovered. In the event of the ore blend containing little or no oxides and thus not requiring sulphidising, the secondary sulphide circuit acts as a sulphide scavenger. The primary rougher circuit has provision for bypassing initial rougher concentrates directly to final concentrate. Lower grade rougher concentrates report to the cleaning flotation cells for upgrading.

Final tailings from the secondary rougher circuit are pumped to the tailings storage facility. Supernatant water is recovered from the tailings dam and recycled to the processing plant. The circuit is based on a nominal flotation time of 20 minutes in each of the rougher flotation stages and a minimum 15 minutes in each of the cleaner stages.

Final concentrate is pumped to a thickener and the underflow is pumped to a concentrate storage tank. The storage tank has sufficient capacity for 8 hours of concentrate production. A filter press with a capacity of 194 t per day is operated in batch mode. Filter cake discharges directly onto a concrete floor below the filter where it is recovered and transported to a simple hopper/bagging arrangement with a skid steer loader. Concentrate is loaded into two tonne capacity bulk bags. Moisture content is near 10%.

Each bag is weighed ready for despatch by truck to the Kilwa port.

The first tailings storage facility for HMS tailings, designed by Knight Piésold Consulting, South Africa, covers 1.8 hectares and has been dormant since September, 2004. A particularly coarse portion of the HMS tailings was recovered and processed through the flotation plant by Anvil. Mawson has recovered and processed approximately 15,000 t of coarse sand and slime material from this dump

A second tailings storage facility, designed by D.E. Cooper and Associates, Australia, was built during 3Q, 2004 to receive flotation tailings. This facility is located ~100m North of the HMS tailings storage facility, covers about 12 hectares and is 12 m high on the eastern embankment. This facility has also reached capacity.

A third tailings storage facility, designed by Knight Piésold, is located adjacent to and north of the second tailings storage facility and covers a 21 hectare area. This dam is a typical hillside impoundment and provides the needed area to limit the rise rate of tailings at acceptable norms.

Supernatant tailings water is reclaimed via penstock arrangements for use in the processing plant.

Anvil processed 137,256 tonnes of low grade between May 2008 and December 2008 when the open cut run of mine ore ran out prior to full production from underground. The grade of the processed low grade stocks were 1.28% Cu and 38 g/t Ag for 1,756 tonnes of copper delivered and 5,216 kilograms of silver. The majority of the low grade treated was fresh to transitional material.

Mawson West has been blending low grade, high grade and HMS tails through the plant to maximise copper output since June 2010. Details of total processing numbers are given in the following table.

Mawson Processing Details, June 2010 to November 2010

		<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>YTD</u>
		1	2	3	4	5	6	
Ore Processed	tonnes	5,387	36,157	43,882	40,839	27,450	49 029	202,744
Mill Feed Grade	Cu %	1.28	1.45	1.04	1.27	3.78	1.52	1.72
Mill Feed Grade	Ag g/t	35.9	40.35	27.63	31.72	77.17	41.22	42.3
Tails Grade Cu	Cu %	0.34	0.39	0.35	0.46	1.64	0.63	0.64
Tails Grade Ag	Ag g/t	10.1	11.1	10.5	10.9	23.0	13.6	13.2
Concentrate Tonnes Produced	dmt	128	896	719	783	1,380	1,066	4,972
Concentrate Grade Cu	Cu %	38.7	43.5	42.7	43.0	44.1	41.5	42.3
Concentrate Grade Ag	Ag g/t	1,067	1,138	1,107	1,119	1,139	1,188	1,126
Cu metal in Concentrate	dmt	51.5	389.6	306.9	336.7	608.5	442.7	2,136
Ag metal in Concentrate	oz	4,384	32,778	25,581	28,177	50,534	40,726	182,180
Recovery Cu	%	74.62	74.31	67.25.	64.92	58.64	59.41	66.53
Recovery Ag	%	70.57	69.88	65.62	67.65	74.20	62.68	68.43

Source: Table 19.2 from the Dikulushi Report.

Year to date (“YTD”) average copper recovery, based on concentrate recovered into bags, is 61.67%. This includes 11,860 t of HMS sand processed at a recovery of approximately 60% and 3356 t of HMS sand processed at a recovery of approximately 40%. It is not possible to determine precisely the recovery for each of these feed materials as they were both blended with low grade ore to facilitate processing. Similarly, the YTD head grade of 1.72% includes the HMS sand and slime, assaying approximately 4% copper. The months of July and August excluded any HMS tails; however July included approximately 6,500t of high grade ore. Therefore August is the only month which is a true reflection of typical low grade ore. Therefore, based upon processing of 44,000 t of low grade ore during August, 2010, the low grade dump may be expected to yield a copper head grade of 1.04% and a copper recovery of 67.25%.

Markets and Contracts for Sale

Copper concentrate will be sold either directly to smelters in the DRC or worldwide, dependent on the available capacity, via an agent or directly to metal trading companies. CMCC currently has a contract to sell all the copper concentrate produced from the low grade stockpile to smelters in India and China using LN Metals as its agent. CMCC has not yet committed any of the concentrate that will be produced from the Kazumbula open pit operation.

Environmental Conditions

CMCC has submitted an EMP which has been accepted and adopted as one of the permitting documents for the Dikulushi Mine. Mawson needs to provide annual environmental reports and demonstrate that it is in compliance with the EMP. Mine remediation is one of the compliance items in the EMP and CMCC has lodged an environmental bond in the amount of \$368,409 as a contribution towards an estimate of the total costs of closure, rehabilitation and re-vegetation of the Dikulushi mine. The development of the financial guarantee is conducted in compliance with DRC mining regulations. The Company is also in the process of completing an EAP for the Kazumbula and surrounding area, which contains several drill targets. The EAP will be lodged with the relevant authorities. Any material mined in the future at Kazumbula would be treated at the Dikulushi plant. The study is being completed by African Mining Consultants of Kitwe, Zambia who successfully completed the current EIA and EMP for Dikulushi. Once the study is complete, the Company will lodge the document with an application for an exploitation permit for the Kazumbula project.

Taxation

The Dikulushi Mining Convention, under which the Dikulushi mine operates, provides for concessionary rates of taxation for each new mine. The first five years of production were tax free, the effective tax rate from the sixth through tenth years of production is 16% and for the eleventh through fifteenth years of production 18%, thereafter 30%. Dikulushi has been producing for eight and half years. In addition to the usual deductions of expenses and accruals, the Dikulushi Mining Convention provides that taxable income is adjusted by allowances for (i) depreciation of moveable and immoveable fixed assets, (ii) a “depletion allowance” equal to 15% of gross sales up to 50% of net profit, and (iii) all exploration and evaluation expenses. The mining convention also provides concessionary import duty rates. During the construction phase 2% import duties are applied and then during production import duties are applied at the rate of 3% for fuel, lubricants and mining consumables and 5% of all other supplies.

Mine Life and Payback

The cost of refurbishment of the Dikulushi plant has been repaid by the processing of low grade ore by Mawson so there are no further capital costs for this project other than a small quantity of sustaining capital. The Kazumbula project will need some capital for the upgrade of the haul road from Kazumbula to the Dikulushi plant, mobilisation of a mining contractor and open pit prestrip. Capital estimates are currently being evaluated for this project.

The current operating costs for the low grade stockpile operation equate to \$43.14/t of ore processed. It is expected that the process operating costs will be similar for the Kazumbula ore. Metallurgical testwork is currently being carried out on the ore to confirm this. Estimates for mining and haulage costs for Kazumbula are currently being evaluated.

The low grade stockpile has been classified as a probable reserve by Mawson and thus can be scheduled for production. Mawson expects, based upon the surveyed volume of the stockpile and a conservative assumption of 489,000 t of remaining ore, to be able to treat at the rate of 45,000 t/month until September 2011. Based on cash flow forecasts and related sensitivity analysis, the Dikulushi Project is considered profitable on a cash flow basis at even modest copper and silver prices, with a base case scenario of US\$872,817 cash flow profit per month during that period and a net present value for the project of US\$8.3 million using a 12% discount rate and a base case copper price of US\$3.40/lb and a base case silver price of US\$17.00/oz.

Cashflow forecast for the Dikulushi Project to September 2011

Physicals	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
Ore feed (t)	40513	40544	40575	40603	40634	40664	40695	40725	40756	40787
ROM Feed	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000
Cu Grade %	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Ag Grade (g/t)	21	21	21	21	21	21	21	21	21	21
Cu t	540	540	540	540	540	540	540	540	540	540
Ag Oz	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46
Total Milled	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000
Avg Cu Grade	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Avg Ag Grade	21	21	21	21	21	21	21	21	21	21
Cu t	540	540	540	540	540	540	540	540	540	540
Ag oz	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46	30382.46
Concentrate produced										
Cu t Recovered	351	351	351	351	351	351	351	351	351	351
Ag Oz Recovered	19748.6	19748.6	19748.6	19748.6	19748.6	19748.6	19748.6	19748.6	19748.6	19748.6
Plant Recovery Cu %	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Concentrate t	780	780	780	780	780	780	780	780	780	780
Cu%	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Ag g/ton concentrate	787.5	787.5	787.5	787.5	787.5	787.5	787.5	787.5	787.5	787.5
Costs										
Fixed cost \$	525861	525861	525861	525861	525861	525861	525861	525861	525861	525861
Variable Plant \$	1138500	1138500	1138500	1138500	1138500	1138500	1138500	1138500	1138500	1138500
Barge Transport	13000	13000	13000	13000	13000	13000	13000	13000	13000	13000
Metal Costs ex-smelter	305633	305633	305633	305633	305633	305633	305633	305633	305633	305633
Total Costs	1982994	1982994	1982994	1982994	1982994	1982994	1982994	1982994	1982994	1982994
Revenue										
Copper	2546944	2546944	2546944	2546944	2546944	2546944	2546944	2546944	2546944	2546944
Silver	308868	308868	308868	308868	308868	308868	308868	308868	308868	308868
Total	2855812	2855812	2855812	2855812	2855812	2855812	2855812	2855812	2855812	2855812
Profit										
Net Profit	872817	872817	872817	872817	872817	872817	872817	872817	872817	872817
DCF @ 12%	864176	855619	847148	838760	830456	822233	814093	806032	798052	790150

Source: Table 19.3 from the Dikulushi Report.

Sensitivity analysis on the cashflow forecast for the LG stockpile treatment at Dikulushi

Scenario	Base	High	Low
Cu Price \$/t	7500	9000	6000
Cu Price \$/lb	3.40	4.08	2.72
Cu Grade LG %	1.2	1.2	1.2
Cu Recovery LG %	65	65	60
Silver Price \$/oz	17	24	15
Net Profit/month	872,817	1,494,443	323,853
NPV @12%	8,266,714	14,295,865	3,097,981

Source: Table 19.4 from the Dikulushi Report.

The refurbishment cost of the mill has already been covered by the revenues from the treatment of the low grade stockpile, thus there is no formal capital payback period. Monthly revenue from the treatment of the low grade stockpile more than covers operating expenditure.

The remaining mine life for the treatment of the low grade stockpile is eight months (from January 31, 2011). Mawson fully expects to extend the mine life once the Kazumbula satellite deposit has been fully evaluated. Both the low grade and the Kazumbula resources are interim plant feed sources until the exploitation of the main Dikulushi resource has been demonstrated to be feasible.

THE KAPULO PROJECT

The technical information in this section regarding the Kapulo Project is summarized or extracted from the Kapulo Report which has been prepared in accordance with NI 43-101 by Steve Le Brun, BSc(Hons), MSc, MAusIMM, MMICA

of Coffey Mining Pty Ltd., Adam Anderson, BSc(Hons), MAusIMM of the Company and Peter Hayward, BSc, MAusIMM of Sedgman Ltd. Portions of the following information are based on assumptions, qualifications and procedures which are described in the Kapulo Report but which are not fully described in this prospectus. The following summary does not purport to be a complete summary of the Kapulo Report. Reference should be made to the full text of the Kapulo Report which is available for review under the Company's profile on SEDAR located at www.sedar.com. The following summary has been prepared with the consent of Messrs. Le Brun, Anderson and Hayward and has been reviewed and approved by them.

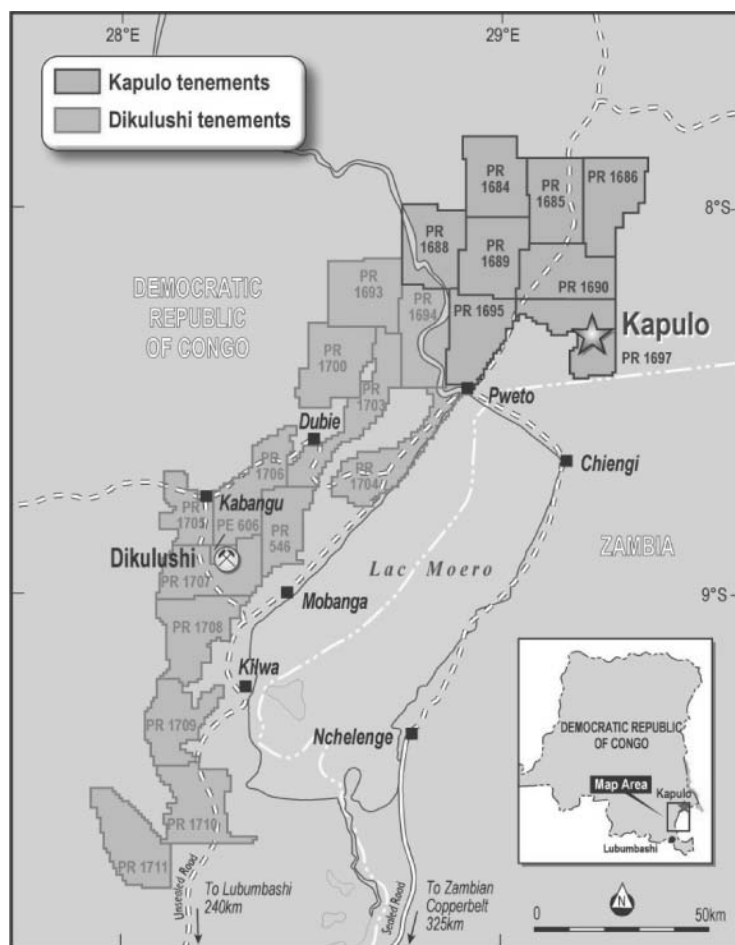
Project Description and Location

The Kapulo Project is located in Katanga Province in the southeastern corner of the DRC at latitude 08°18'09 South and longitude 29°14'03 East, approximately 125 km northeast of Dikulushi and 45 km east-northeast of Pweto, a small town at the northern edge of Lake Mweru.

The Kapulo Project is part of the Dikulushi Mining Convention signed on January 31, 1998 with the Government of the DRC, and ratified by Presidential Decree issued on February 27, 1998. The Dikulushi Mining Convention is owned 100% by CMCC. Mawson West Investments Ltd., a wholly-owned subsidiary of Mawson, holds 90% of CMCC, with the remaining 10% being held by the Dikulushi — Kapulo Community Foundation NPO in accordance with the terms of the Dikulushi Mining Convention.

The mineral rights of the Kapulo Project comprise eight (8) of the twenty-one (21) exploration permits held by CMCC under the Dikulushi Mining Convention, which cover an area of 3,188 km². CMCC's exploration permits expire on May 21, 2011 and are renewable once for an additional period of five years. The Company is in the process of renewing all the exploration permits for a further five years to 2016. CMCC has applied for the extension of the exploration permits on the basis that according to the Dikulushi Mining Convention no relinquishment of land areas is required at the time of extension. The Mining Code requires that on application for extension permit-holders are required to relinquish 50% of the permit areas upon renewal. There is no assurance that the extension of the exploration permits will be granted as applied for by CMCC.

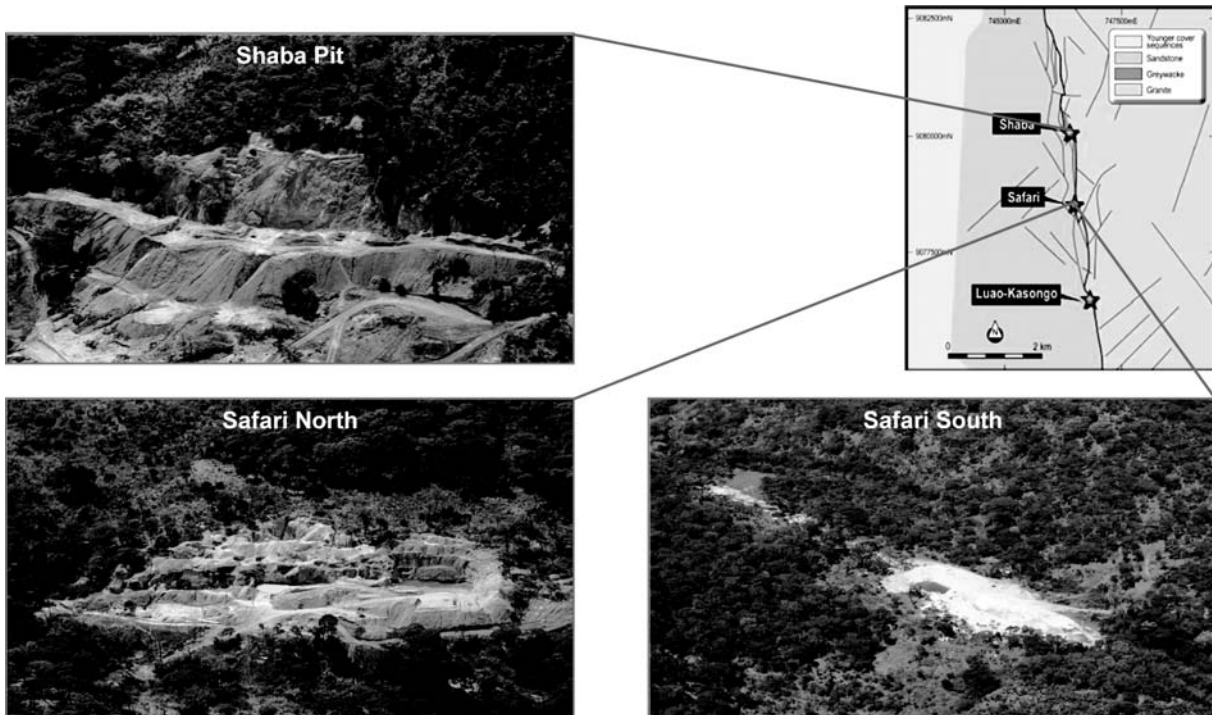
Location of the Kapulo Project and Exploration Permits



Source: Figure 1.3_1 from the Kapulo Report

The Kapulo Project consists of three deposits, being Shaba, Safari North and Safari South, all contained within the area covered by Exploration Permit No. 1697. Exploration is at an advanced stage at Shaba and Safari North, with a resource at Shaba sufficiently defined by drilling for an open pit resource. Further drilling is required to define the depth extents of both resources for potential underground extensions. Safari South has been drilled on a nominal 40 m by 30 m grid and additional drilling is required to fully define this resource which may prove to join up with Safari North.

Local Geology of the Kapulo Project



Source: Graphic from Figure 7.2_2 from the Kapulo Report. Aerial photographs provided by the Company.

An environmental impact assessment (“EIA”) is being prepared by Africa Mining Consultants which will form part of CMCC’s submission for conversion of the Kapulo Project to an exploitation (mining) licence. A definitive feasibility study is also being prepared for same.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Kapulo Project is from the Zambian side of Lake Mweru. There are sealed roads all the way through Zambia to Nchelenge (on Lake Mweru), followed by 80 km of unsealed road from Nchelenge to Pweto and a further 50 km from Pweto to Kapulo.

Supplies for the Kapulo Project will be trucked on sealed roads from South Africa via Botswana to Nchelenge and then on to Kapulo via Pweto.

The closest international airport is in Lubumbashi, approximately 530 km to the south. An all weather airstrip is located at Pweto, approximately 53 km from the Kapulo Project.

The climate of the area is the same as that for the Dikulushi Mine, being tropical with a distinct wet and dry season. The wet season does inhibit exploration activities and access to some areas within the Kapulo Project, with flooded roads and rivers and terrain becoming difficult for vehicular access.

The Kapulo Project is located in a remote area where there is no electrical utility grid. Power is supplied by diesel generators. There is sufficient back-up capacity.

Water is available at the Kapulo Project from a nearby minor stream and artesian bores. Mine water at the Kapulo Project could be sourced from a raw water dam, and tailings water could be reclaimed via penstock arrangements for use in a processing plant. Potable water is supplied from various bores on the property.

Labour is sourced locally for camp, geological and drilling assistant type work.

The western part of the greater Kapulo area is characterized by a large 20 km to 30 km wide floodplain, which represents the northern extension of the Lake Mweru depression at approximately 1,000 m above sea level. The plain is bordered to the west by the Kundelungu plateaus and to the east by the Marungu Plateau. The contact between the plain and the Marungu Plateau is characterized by a north-south escarpment of 650 m height. The neighbouring area is almost entirely covered with natural woodland and forest, interrupted in the low areas by fields of cassava and by localized

clearing. The Kapulo Project is in the western foothills of the Bangulian Granite complex. The Kapulo Project copper deposits outcrop in the steep north-south valley which forms the contact with the lower Makana and Kapona hills and the Marungu Plateau. The valley has an average elevation of 1,200 m above sea level. Few rivers drain into Lake Mweru from the DRC. A minor ephemeral stream runs nearby the Kapulo site. Lake Mweru is fed by the Luapula River, which along with Lake Mweru forms the international boundary between Zambia and the DRC.

History

The development of exploration and mining at the Kapulo Project and surrounding area can be broken down into a historical period of Belgian exploration from 1910 to 1954 and exploration by Falconbridge Exploration Limited (“**Falconbridge**”) from 1970 to 1974, and a current period in which exploration has been conducted by Mawson since 2006. No historic production has been recorded from the Kapulo Project.

The Safari and Shaba deposits were discovered by Tanganyika Concession Ltd. in 1906, transferred to BAKAT (Société des Recherches Minières Bas-Katanga) in 1911 and then taken over by SIMKAT (Société Industrielle et Minière du Katanga) in 1915. Work was subsequently completed by SERMIKAT (Société d’Exploration et de Recherches Minières au Katanga) in the 1950’s. This historical work included adit sampling and metallurgical testwork.

In 1970, Falconbridge obtained an interest in the property and completed adit sampling, diamond drilling, metallurgical testwork, soil geochemistry and geophysics.

The Kapulo Project subsequently lay dormant until Anvil acquired the Kapulo Project exploration permits in 1998. Anvil only completed reconnaissance type work due to civil war and unrest in the area until 2002. After 2002, Anvil concentrated on the successful development of the Dikilushi Mine.

In 2006, Mawson entered into a farm-in agreement with Anvil on the Kapulo Project which gave Mawson the right to earn a 65% interest in the Kapulo Project by spending US\$4 million on exploration of the project. By June 2008, Mawson had completed its required expenditures, earned its 65% interest in the Kapulo Project and was reviewing options for the development of the project. In April 2010, Mawson acquired all of Anvil’s interest in CMCC, which resulted in Mawson increasing its interest in the Kapulo Project to 90%.

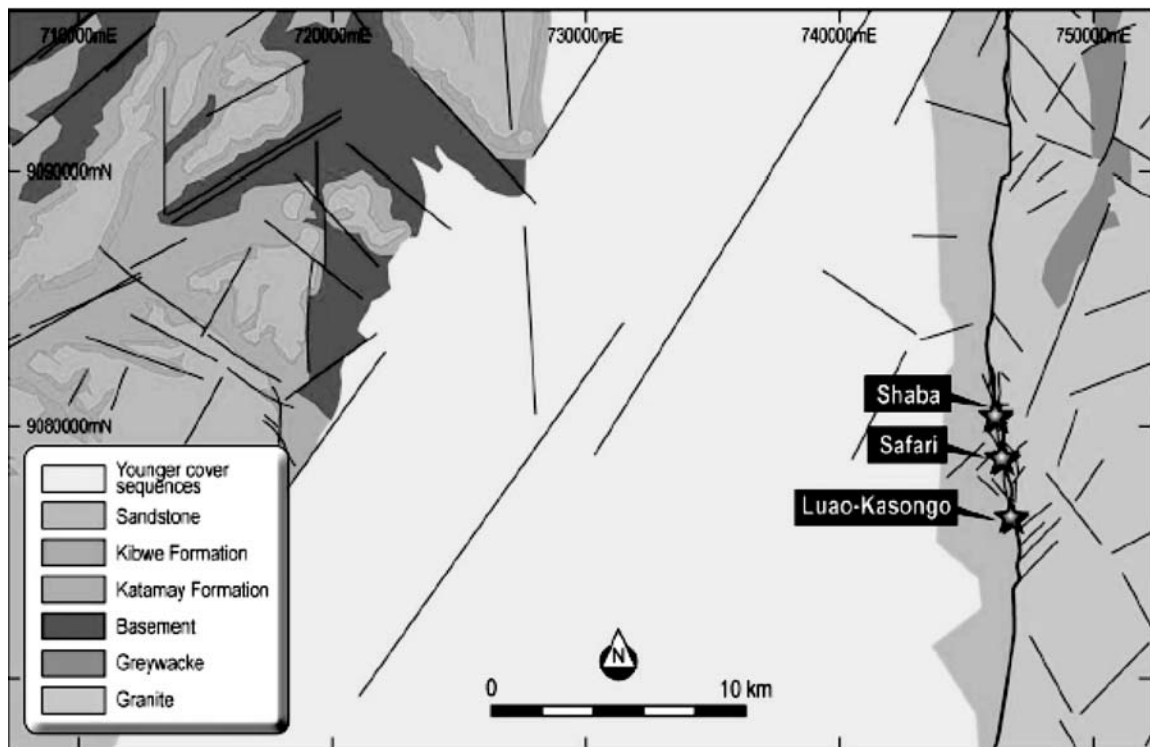
Since 2006, Mawson has completed the following work on the project:

- Mapping and reconnaissance sampling completed by consultant Walter Witt in order to provide information on mineralisation controls to assist with drillhole planning and to assess the suitability of the area for soil geochemistry. The report provided a number of suggestions for future exploration work such as collection of geophysical data and follow up geochemical work to assist in defining additional exploration targets.
- A low-level airborne geophysical survey was completed in 2007 by UTS Geophysics and the raw data subsequently reprocessed by Southern Geoscience Consultants in 2007. Several magnetic images including Total Magnetic Intensity (TMI), and 1st and 2nd vertical derivatives were produced and interpreted to improve the understanding of the structural framework of the area and specifically the Kapulo Project.
- Mawson has completed a total of 204 drillholes for a total of 21,586m of drilling at the Kapulo Project including 16,408 m of NQ/HQ, and 5,178m of RC between 2007 and 2010. At the Shaba Prospect 93 drill holes for 13,623m have been completed and at Safari a total of 80 drill holes for 5,957m have been completed. To date drilling has defined the mineralization to the north and a high grade south plunging copper shoot. The mineralization remains open to the south and at depth at both Shaba and Safari North and South.
- A regional soil geochemical sampling program was designed and supervised by Stan Harrison, a consultant geochemist based in Perth, Western Australia. A total of 3,373 soil geochemical samples were collected over the northern and central regions of Kapulo with nominally 50 m spaced samples on 400 m spaced lines. The samples were sieved using 80# mesh during collection and bagged into numbered geochemical sample bags. Samples were then sent to Genalysis in Johannesburg for sample preparation and then submitted to Genalysis Laboratories in Perth for multi-element analysis by ICP-MS for Au, Ag, As, Bi, Mo, Sb, U, W and ICP_OES for Ba, Cu, Ni, Pb and Zn. Results highlighted several high order coincident multi-element geochemical anomalies along the Kapulo fault zone.
- A CSAMT (Controlled Source Audio-frequency Magnetotelluric) ground geophysics survey was undertaken to test the Kapulo Fault, located north and south of the known deposits. A number of targets have been identified from this work.

Geological Setting

The Kapulo Project contains an area of gently folded Katangan sediments which are bounded to the east by the Banguelo Granite. The contact between the sediments and the granite is the Kapulo Fault which is orientated approximately north-south along the eastern side of Lake Mweru to the south. The fault dips to the west at 60° and is considered a thrust fault, some strike-slip movement is suggested. There are three main copper deposits known to date, being Shaba, Safari North and Safari South, which are all hosted along the Kapulo Fault with Banguelan Granite to the east and Katangan Sediments to the west. The Katangan sediments are comprised of three main supergroups, the Roan, the lower Kundelungu and the upper Kundelungu, forming a 10 km thick sedimentary pile.

Regional Geology of the Kapulo Project



Source: Figure 7.1_1 from the Kapulo Report.

The mineralization is bounded by hanging wall shale and is hosted in coarse grained sandstones near the fault, and brecciated granite in the footwall part of the mineralisation. The sediments have not been mapped in detail to put them in a stratigraphic context, but it has been postulated they may be Mwashya (upper Roan) at the base overlain by Lower Kundelungu sediments in the project area.

A prominent sedimentary unit has been mapped within granite east of the Kapulo Fault. First recognised as greywacke during 2006 mapping, the unit appears to extend almost 25 km in a north-south direction. East of Shimumba, the sedimentary unit comprises a thin basal arkose unit overlain by a thick succession of well-exposed polymictic conglomerate. A basal unconformity is well exposed and bedding dips gently to the east.

An inlier of mafic gneissic basement is exposed in the Kasama area northwest of the Kapulo copper deposits. The gneiss contains more felsic zones and is cut by a southwest trending shear zone which has introduced retrogressive chlorite and sericite alteration along the shear. The gneiss shows strong foliation along the shear zone and quartz veining has been emplaced along the shear zone and is prospective for gold, silver, copper, lead and zinc. The gneiss is overlain by upper Kundelungu sediments.

The geology of the area surrounding the Kapulo deposits comprises the following key rock types: (i) Kundelungu Group Sediments including sandstones, mudstones, siltstones and quartzites; (ii) Banguelan granite to the east; and (iii) Polymictic breccias and mafic intrusions. The Banguelo Granite is a coarse grained biotite rapakivi textured monzogranite which is separated from the Kundelungu sediments to the west by the Kapulo Fault Zone. Where the fault is

exposed in artisanal workings it dips steeply to the west. The Kundelungu sediments are exposed as a ridge to the west of the Kapulo Fault. The dominant rock type is poorly bedded, sorted quartz-rich feldspathic sandstone. Minor occurrences of granite in the sediments suggest the granite sediment contact to be unconformable.

At Shaba, the copper mineralisation is controlled by a north-northwest trending section of the Kapulo fault that dips 55° to the west and sits at the contact between a black shale unit and a buff-brown hangingwall silicified sandstone unit. The hangingwall sandstone is not mineralised and surrounded by variably brecciated and epidote altered porphyritic granite. The granite groundmass typically shows moderate penetrative deformation. Below the fault the shale has acted as an aquatard during the mineralising event and no mineralisation has been noted above the shale in the hangingwall sandstone or granite. Copper mineralisation occurs as a band of cuprite on the footwall contact of the black shale with a broad zone of supergene malachite and azurite near surface. At depth the copper lode is characterised by disseminated chalcopyrite (and minor chalcocite) with increasing bornite (and silver) as the lode plunges to the south. The felsic intrusive at Shaba can be mineralised and represents finer grained apophyses of the footwall alkali granite. A fine grained mafic intrusive also occurs at Shaba, which may be silica-altered lamprophyre or basalt and is mineralised if intruded near the fault below the shale unit. The mafic unit is typically on the footwall contact of the greywacke.

At Safari (North and South), the copper mineralisation is hosted in a similar structural position along the Kapulo Fault (as with Shaba) in the coarse grained sediments with the sandstones and shale as a hanging wall to the mineralization, and the mineralisation hosted in the grey sandstone below the shale unit. The chalcopyrite/bornite mineralisation then continues into the brecciated footwall alkali granite. As the granite becomes less fractured and more brecciated pyrite becomes the more dominant sulphide and the chalcopyrite decreases into the massive granite.

The Kapulo copper deposits are interpreted to be hypogene, fault controlled deposits, with disseminated chalcopyrite-bornite mineralisation in the sulfide zone and massive to nodular cuprite and supergene azurite and malachite near surface. The mineralization is litho-structurally controlled, and is hosted in shales and sandstones of the Kundelungu Group and in the footwall granite. Both the sediments and the granite show varying degrees of brecciation with the high grade zone having a bornite-chalcopyrite filled matrix. The upper parts of the deposits are hosted in the black shale and sandstone whilst the lower parts tend to be fault controlled granite breccias.

Exploration

The Kapulo Project is at an advanced stage of exploration at the Shaba and Safari North deposits, with the resource at Shaba sufficiently defined by drilling for an open pit resource. Further drilling is required to define the depth extents of both resources for potential underground extensions. The Safari South deposit has been drilled on a nominal 40 m by 30 m grid and additional drilling is required to fully define this resource which may prove to join up with Safari North.

As noted above, Mawson has completed the following work on the Kapulo Project:

- Mapping and reconnaissance sampling completed by consultant Walter Witt in order to provide information on mineralisation controls to assist with drillhole planning and to assess the suitability of the area for soil geochemistry. The report provided a number of suggestions for future exploration work such as collection of geophysical data and follow up geochemical work to assist in defining additional exploration targets.
- A low-level airborne geophysical survey was completed in 2007 by UTS and the raw data subsequently reprocessed by Southern Geoscience Consultants in 2007. Several magnetic images including Total Magnetic Intensity (TMI), and 1st and 2nd vertical derivatives were produced and interpreted to improve the understanding of the structural framework of the area and specifically the Kapulo Deposits.
- Mawson has completed a total of 204 drillholes for a total of 21,586m of drilling at the Kapulo Project including 16,408 m of NQ/HQ, and 5,178m of RC between 2007 and 2010. At the Shaba Prospect 93 drill holes for 13,623m have been completed and at Safari a total of 80 drill holes for 5,957m have been completed. To date drilling has defined the mineralization to the north and a high grade south plunging copper shoot. The mineralization remains open to the south and at depth.
- Regional soil geochemical sampling program was designed and supervised by Stan Harrison a consultant geochemist, based in Perth, Western Australia. A total of 3,373 soil geochemical samples were collected over the northern and central regions of Kapulo with nominally 50m spaced samples on 400m spaced lines. The samples were sieved using 80# mesh during collection and bagged into numbered geochemical sample bags. Samples were then sent to Genalysis in Johannesburg for sample preparation and then submitted to Genalysis Laboratories in Perth for multi-

element analysis by ICP-MS for Au, Ag, As, Bi, Mo, Sb, U, W and ICP_OES for Ba, Cu, Ni, Pb and Zn. Results highlighted several high order coincident multi-element geochemical anomalies along the Kapulo fault zone.

- CSAMT ground geophysics survey to test the Kapulo Fault, located north and south of the known deposits. A number of targets have been identified from this work.

There is a 60 km long terrain-margin fault system at Kapulo, of which Shaba and Safari are a 3 km long area within a 9 km Cu-in-soil anomaly. The fault system is untested outside the indicated deposits.

Mineralization

The Kapulo fault has acted as a fluid conduit allowing deeper Cu-rich fluids to migrate up the fault until coming into contact with the black shale unit whereby the resulting redox reaction has precipitated the copper in the shale/sandstone units and the footwall granite. The granite shows variable brecciation associated with the mineralising fluids with breccia matrix of chalcopryite and bornite mineralisation.

The Kapulo copper deposits contain both supergene or near surface and primary or sulphide mineralization. Secondary enrichment in the oxidised zone in the top 30 m at the Kapulo deposits has resulted in the deposition of malachite, azurite, cuprite and rarer chalcocite in the near surface parts of Shaba and Safari North. The malachite occurs in two forms with the most abundant being a light green disseminated malachite in the shale and sandstone on the footwall side of the fault and the lesser form as darker green bands of fracture fill, typically in the shales. The azurite occurs as nodules and layers in the shales and sandstones at both Shaba and Safari North. Cuprite mineralization “takes the form of massive and nodular cuprite located within the black shale unit and on its contacts, particularly the footwall contact” (Witt, 2006). Malachite, azurite and cuprite mineralization is easily observed in the artisanal workings at both Shaba and Safari North.

The main primary sulphide mineral at both Shaba and Safari North is chalcopryite, with lesser amounts of bornite and chalcocite. The chalcopryite occurs as fine grained disseminated sulphide and as more massive blebs up to 10mm. In some holes (08KTDH037) the chalcopryite forms replacement layers in the sandstone. With increased depth (towards the east) in all holes chalcopryite becomes less dominant and pyrite becomes the dominant sulphide. The mineral assemblages suggest that there is hypogene and supergene bornite and chalcocite, and that bornite and chalcocite of the two parageneses are often difficult to distinguish. Evidence that chalcopryite is early, followed by bornite, then chalcocite, is quite common even in more probably hypogene assemblages. When an early, usually weakly pyritic, probably carbonaceous or hydrocarbon-bearing assemblage (in either sandstone or brecciated granite) first reacts with the Cu-bearing fluid, the assemblage chalcopryite-pyrite forms. Where more Cu becomes available, reducing species and S are still available from the carbonaceous matter/hydrocarbons, but Fe begins to run out. All pyrite is consumed, after which there is no longer enough Fe for chalcopryite (CuFeS_2) to crystallise, and the Cu-bearing fluid reacts with reducing, S-bearing hydrocarbons to form bornite (Cu_5FeS_4). Finally, there is not enough Fe to form bornite and chalcocite (Cu_2S) becomes the precipitating Cu phase. Chalcocite is probably the main source of Ag.

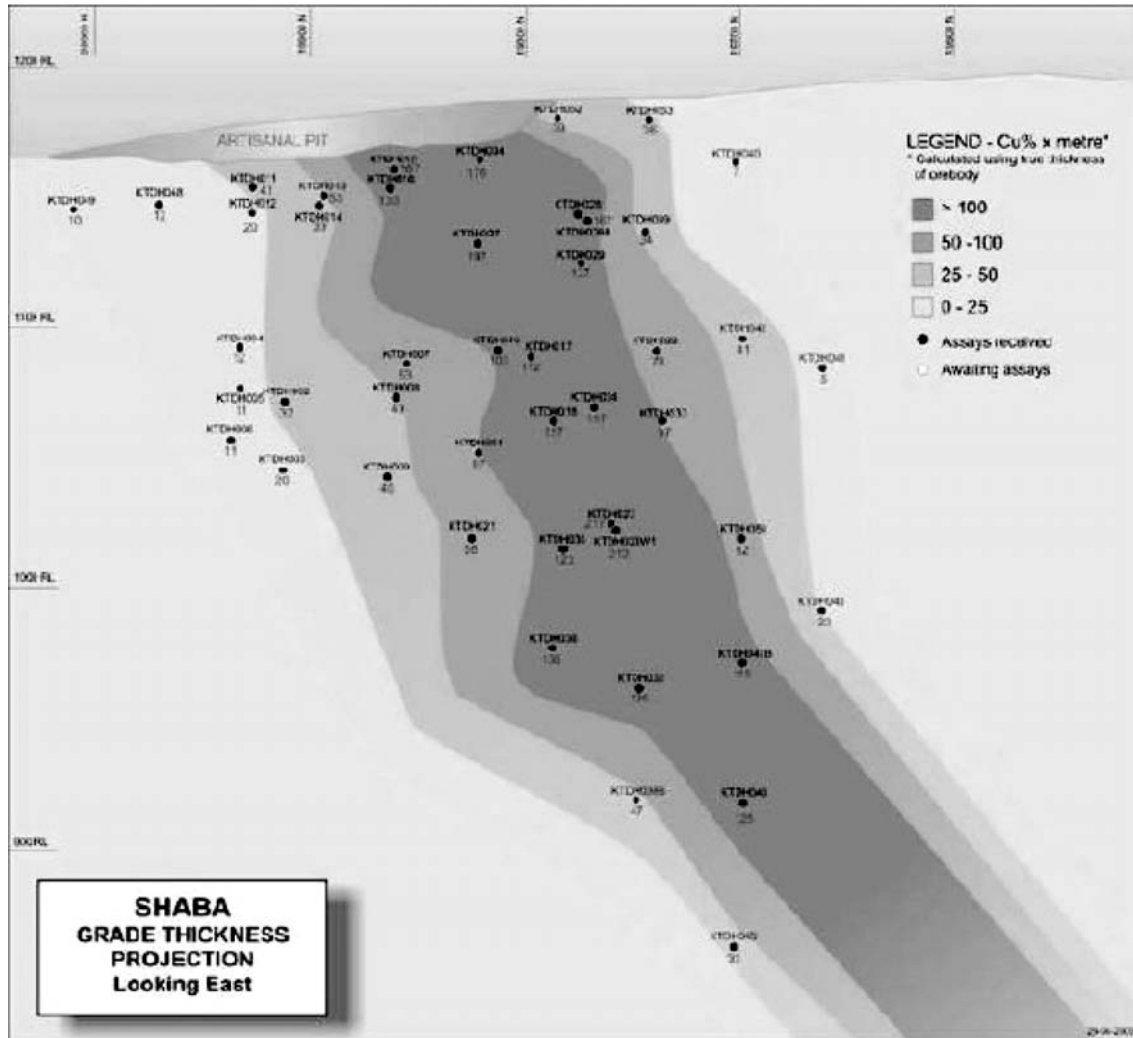
Bornite does increase down plunge to the south at Shaba and native silver has been noted in the drill core. A higher grade core to the mineralized zone at Shaba plunges to the south at -50 degrees and bornite is the dominant sulphide in this zone. Bornite is typical in the sandstone and footwall granite contact which is typically brecciated and occurs as breccia fill in this zone.

Modelling of the Shaba mineralisation consisted of an initial geological model of the fault gouge, granitoid, sedimentary units and ultramafics. The mineralisation occurs within a west dipping tabular orebody with a sharp hangingwall contact and a gradational footwall contact. High grade mineralisation is preferentially located in proximity to the hangingwall. Two mineralised zones were interpreted: (i) a hangingwall (HW) high grade zone with a the modelled fault defining the HW contact and the footwall contact based on a nominal 4.0% Cu drillhole grade; and (ii) a footwall (FW) low grade zone contiguous with HW zone defining its upper contact and the lower contact based on a nominal 0.5% Cu drillhole grade.

The downhole thickness of mineralised intervals ranged from 2 m to 30 m, with an average of 14.6 m for the hangingwall and from 0.8m to 57m, with an average of 14.6 m for the footwall. A total of 2 mineralised units were created that had strike extents up to 400 m.

Extrapolation of the interpreted mineralisation was limited to 20 m along strike from known drilling and no more than 40 m down dip from drill intercepts. Mineralisation has not been properly closed off at depth or along strike by current drilling.

Shaba Grade Thickness Projections

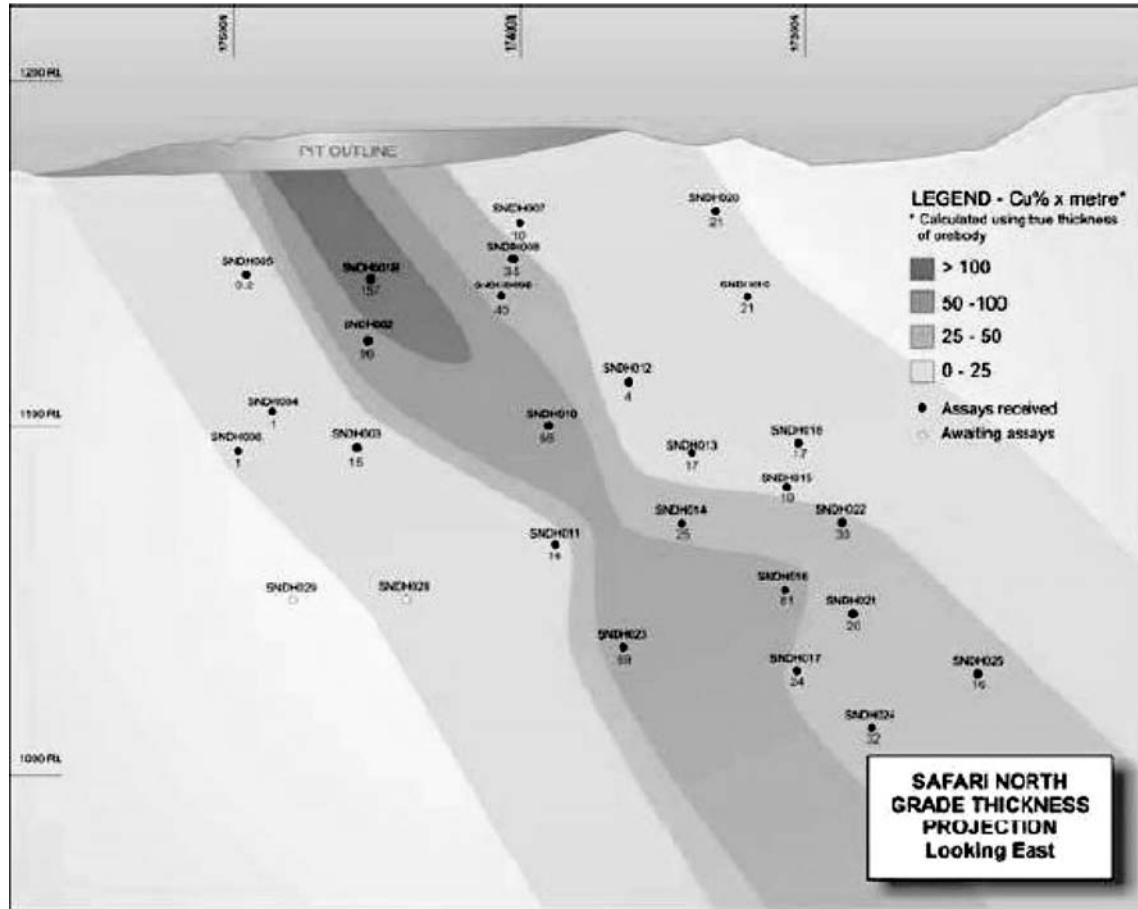


Source: Figure 9_2 from the Kapulo Report.

Modelling of the Safari mineralisation consisted of an initial geological model of the fault gouge, granitoid, sedimentary units and ultramafics. The mineralisation occurs within a west dipping tabular orebody with a variously sharp hangingwall contact and a gradational footwall contact. High grade mineralisation is commonly located in proximity to the hangingwall. Two mineralised zones were interpreted: (i) a hangingwall (HW) high grade zone with footwall contact based on a nominal 3.0% Cu drillhole grade. (Safari North — Main high grade — Zone 200; Footwall high grade - Zone 205; Safari South — Main high grade — Zone 300); and (ii) a footwall (FW) low grade zone contiguous with HW zone defining its upper contact and the lower contact based on a nominal 0.5% Cu drillhole grade. (Safari North — Main low grade — Zone 210; Footwall low grade — Zone 215; Safari South — Main low grade — Zone 310).

For Safari North, the downhole thickness of mineralised intervals ranged from 1 m to 23 m, with an average of 6.25 m for the hangingwall and from 1m to 18m, with an average of 5.7m for the footwall. A total of 2 mineralised units were created that had strike extents up to 325m.

Safari North Grade Thickness Projections



Source: Figure 9_3 from the Kapulo Report.

For Safari South, the downhole thickness of mineralised intervals ranged from 1 m to 8 m, with an average of 4.25 m for the hangingwall and from 2m to 13m, with an average of 6.5 m for the footwall. A total of 2 mineralised units were created that had strike extents up to 240 m.

Extrapolation of the interpreted mineralisation was limited to 20 m along strike from known drilling and no more than 40 m down dip from drill intercepts. Mineralisation has not been properly closed off at depth or along strike by current drilling, although it does appear to be diminishing in tenor. The current drill hole coverage for Safari South indicates that the high-grade hangingwall material is pinching out downdip. Management believes there is potential for future pit extension into Safari South. Drilling there has included:

- 29 m @ 2.17% Cu from 6m;
- 11 m @ 4.46% Cu from 6m;
- 31 m @ 1.42% Cu from 4m; and
- 11 m @ 3.20% Cu from 4m.

Drilling

Prior to the joint venture between Mawson and Anvil, several small phases of diamond drilling were completed at the Kapulo Project by several companies described above in the previous 60 years. As the majority of this work was completed prior to 1974, none of the data has been available for any of the prior drilling and no check assaying was able to be completed and as such none of the data has been used in the current resource estimate.

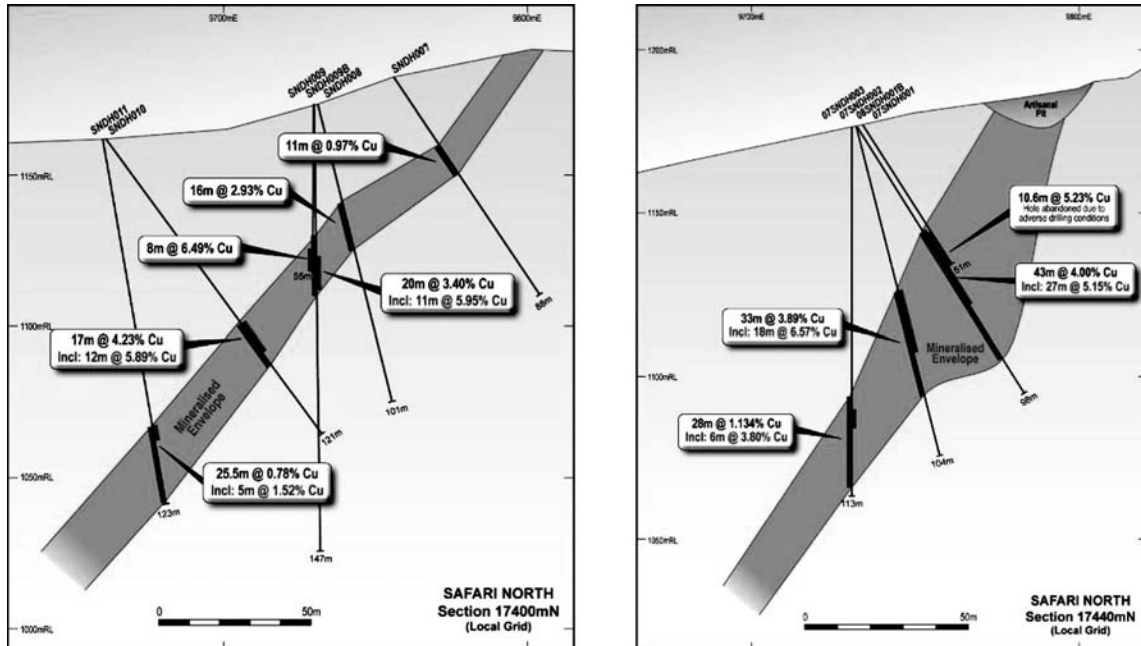
Mawson has completed a total of 204 drillholes for a total of 21,586m of drilling at the Kapulo Project including 16,408 m of NQ/HQ, and 5,178m of RC between 2007 and 2010. In 2007 the drilling was completed by Drill Africa who

Kapulo Project Drilling Summary					
<u>Company</u>	<u>Prospect</u>	<u>Period</u>	<u>Type</u>	<u>No. of Holes</u>	<u>Metres</u>
SIMIKAT	Katanga	1910-1957	?	?	328
Falconbridge	Katanga	1973-1974	PQ/HQ	7	1,880
	Shaba	2007	NQ/HQ	17	2,286
		2008	NQ/HQ	40	7,066
		2009	RC	7	992
			NQ/HQ	15	1,481
Mawson	Safari	2010	NQ/HQ	14	1798
		2007	NQ/HQ	6	508
		2008	NQ/HQ	20	2,656
		2009	NQ/HQ	16	523
	Shaba Expl.		RC	13	855
		2010	RC	24	1,325
			NQ/HQ	1	90
		2009	RC	31	2,006
Total				211 +	23,794

Shaba drill sections included:



Safari North drill sections included:



Source: Provided by the Company.

Control points were surveyed in Universal Transverse Mercator (“UTM”) geographic coordinate system using World Geodetic System of 1984 (“WGS84”) datum and converted to local grid via a two point transformation in Micromine software. The traverse was measured by Global Positioning System (“GPS”) method. Raw survey data was processed with the M-STAR professional GPS software.

Once the control points were established, a 50 m by 50 m grid was marked out using compass and tape and optical squares to provide a grid over each of the main prospects at the Kapulo Project. Drillhole collars were then marked out using tape and compass using the 50 m spaced grid.

During 2010, surveyors from Cardno Spectrum (Cardno) in Perth, Western Australia spent approximately six weeks completing a site topographical survey using Real-Time Kinematic (“RTK”) GPS to produce a digital terrain model (“DTM”) of the entire Kapulo Project area and surrounds accurate to +/-30mm. The survey control data was post processed using Topcon tools software. The DTM was generated in Surpac software and provided as a 3D DTM wireframe.

Drill collars have been marked out using a Geodimeter 620 total station and then the final completed collar position surveyed in LMG and converted to UTM using CAR1 for a simple two point transformation in Micromine software.

Down hole surveys of drillholes were completed at 30 m downhole intervals in order to ensure each hole was not deviating too much from the planned dip and azimuth. The surveys were measured using an Eastman downhole electronic single-shot camera which records the dip and azimuth to a chip and the results are then tabulated for each hole on a report card which was checked by the site geologists for accuracy. The camera has a stated accuracy of 1° in dip and azimuth. No magnetic minerals have been noted in the logging of the drill core at the Kapulo Project and thus the recorded azimuths are considered to be correct.

All drillholes were logged for oxidation and thus an oxidation boundary wireframe surface was constructed from these oxidation points in the drillholes and by using the core photography as a guide. The oxidation boundary was then used to code the block model for oxidation. At Kapulo, the surface of the oxide resource has been depleted by the illegal artisanal mining during the last three years. The artisanal mining was stopped during 2007.

There is no relationship between the sample length and the true thickness of the mineralization. The mineralization encountered to date in the drilling is significantly thicker than the average sample length of one metre.

Sampling and Analysis

Soil sampling at the Kapulo Project was completed under the direction of Stan Harrison, an independent geochemistry consultant from Perth, Western Australia. Soil samples were taken in areas of residual soils (rather than transported). Approximately 1 kg of sample were sieved on the sample site using -80mesh sieves to collect approximately 100 g of sample. Sieves were brushed and knocked clean between samples to avoid cross sample contamination. The sieved fractions were then placed into numbered paper geochemistry bags. The geochemical bags were then packaged in boxes and a submission form completed by the supervising geologist. The samples were then driven to the Zambian border for customs clearance and then on to Lusaka, Zambia. Once in Lusaka the sample boxes were cleared with Zambian customs and then transported by Pine Transport of Zambia in a locked weatherproof truck under customs seal to Genalysis Laboratories in Johannesburg, South Africa. Sample preparation was completed at Genalysis Laboratories in Johannesburg including drying and pulverizing to 85% passing -75 μ m. The sample pulps were split to approximately 20gr and sent by commercial airfreight to Genalysis Laboratories in Perth, Western Australia. Genalysis Laboratories in Perth has customs clearance directly for prepared samples from outside of Australia.

Drill core was cut in half using a water lubricated diamond blade saw which was cleaned frequently using a brick to prevent across metre contamination (especially in zones of massive sulphide), the drill core was then sampled. All drill core was sampled at the Kapulo Project on a metre basis from the start to the end of a drillhole. Each metre sample of half drill core was collected from the southern (or western half) of the drill core and placed into a sequentially numbered calico bag. Sample log books were also used to record the drillhole number and sample number and the 'from to' sample depth as a backup to entering the data into a "toughbook" laptop computer. Calico bags were then tied up and placed into larger plastic bags for transport which were labelled with sample number, from and to and an id number for the large bag. Submission forms for the laboratory were completed and put into a small plastic bag inside one of the large bags containing the calicos.

For reverse circulation ("RC") drilling, samples were routinely collected at 1m intervals into a cyclone with an RC type green UV degradable plastic bag to catch the cuttings. The cuttings were then split with a Jones riffle 3 tier splitter which splits 12.5% to 87.5%. The calico was placed on the front of the splitter and collects the 12.5% as a split sample and the residue went back into the green UV plastic bag. Field duplicates were taken via the splitter every 20 samples with the sample split twice to provide a field duplicate. The bags of cuttings were routinely weighed prior to taking the sub-sample via the Jones riffle splitter. The calico bags were then weighed and put into a labelled polywovens bag, which was sealed with a cable tie. The samples were taken back to camp and stored in a dry area until collection.

Quality control procedures for RC sampling included: (i) use of face sampling hammers; (ii) routine blowbacks (i.e. each metre is cleared into the sample bag prior to moving on to the next metre of advance); (iii) routine weighing of collected RC cuttings; (iv) the cyclone is cleaned at each rod change; (v) on a rod change any material in the hole is cleared before the first new metre sample is collected; (vi) the riffle splitter is cleaned with brushes between each sample; (vii) every 20m a duplicate field sample is collected by riffle splitting the bag of cuttings once more; and (viii) on the extremely rare occasions that moisture is encountered in the hole (please note the emphasis on moisture rather than wet drilling conditions), the hole was 'conditioned' or dried prior to advancing further. Additional compressed air boosters were routinely used in order to ensure dry samples below the water table.

Coffey Mining concluded that the sampling procedures adopted for drilling are consistent with current industry best practise. Samples collected by diamond coring within the highly weathered zones are of moderate quality, with the remainder being high. Sample recoveries and quality for the RC drilling are high with no wet drilling encountered for the RC. Dedicated drillhole twinning of the DC drilling and RC drilling was completed by Mawson. The twin analysis did not show any bias from the DDH to the RC drilling. RC field duplicate samples were routinely collected every 20m of RC to allow assessment of the field sampling error (or bias) once the laboratory error, determined from analysis of pulp duplicates, was subtracted. Acceptable reproducibility was identified during an assessment of RC field duplicate data generated and no distinct bias was evident. Diamond core sampling was carried out by cutting the core in half and always sampling the same side of the core. The core cutting machine was cleaned between each metre to reduce any possibility of contamination. Metre samples were then bagged into numbered calico bags which, in turn, were bagged into polywovens bags and sealed with cable ties for transport to the laboratory.

Preparation and assaying of samples from the Kapulo Project has been carried out at two independent laboratories. During 2007, the core samples from Kapulo were shipped to Genalysis Laboratories in Johannesburg, South Africa for sample preparation and a split of the pulp sent to Genalysis, Perth, Western Australia for analysis. During 2008, all

diamond core samples from the Kapulo Project have been shipped to ALS-Chemex Laboratories in Johannesburg, South Africa for analysis.

Coffey Mining concluded that analytical procedures associated with data generated to date are consistent with current industry practise and are considered acceptable for the style of mineralisation identified at Kapulo. No significant issues have been observed in the QAQC results for the Shaba and Safari deposits. Any errors in standards results tend to be under-reporting results.

Security of Samples

The close scrutiny of sample submission procedures by Mawson technical staff, and the rapid submission of samples from drilling for analysis, provides little opportunity for sample tampering. Equally, given the umpire assaying via an external international laboratory and the regular 'blind' submission of international standards to both the primary and umpire assay facilities, any misleading analytical data would be readily recognised and investigated.

Current Kapulo sampling procedures require samples to be collected in staple closed bags once taken from the rig. They are then transported to the Kapulo camp to be picked up by the laboratory truck. The laboratory truck then takes them to the laboratory directly.

Reference material is retained and stored at the Kapulo exploration camp, as well as chips derived from RC drilling, half-core and photographs generated by diamond drilling, and duplicate pulps and residues of all submitted samples. Assessment of the data indicates that the assay results are generally consistent with the logged alteration and mineralisation, and are entirely consistent with the anticipated tenor of mineralisation which is typically visible in the core photography.

Mineral Resource and Mineral Reserve Estimates

Mineral resource estimates were prepared by Steve Le Brun of Coffey Mining Ltd. in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves 2004 Edition (the “**JORC Code**”) and NI 43-101. Mr. Le Brun is a Competent Person as defined by the JORC Code and a Qualified Person for the purpose of NI 43-101 and is independent of the Company.

The classification of the Shaba resource was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density, data location, data quality, grade estimation and quality of the estimates. The current Shaba resource is reported as a combination of indicated and inferred material, depleted for surface artisanal workings, summarized in the table below.

The classification of the Safari resource was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density, data location, data quality, grade estimation and quality of the estimates. The current Safari resource is reported as a combination of indicated and inferred material, depleted for surface artisanal workings, summarized in the table below.

The mineral resource estimates are shown the following table.

**Kapulo Project Resource Statement
(Reported above 0.3% Cu cut-off)
(As at June 1, 2010)**

<u>Classification</u>	<u>Zone</u>	<u>Mt</u>	<u>Grade (Cu%)</u>	<u>Cu Metal (Tonnes)</u>	<u>Grade (Ag g/t)</u>	<u>Ag Metal (MOz)</u>
Shaba Deposit						
Indicated	HW	1.710	7.7	131,650	23	1.24
	FW	3.280	1.4	45,650	3	0.30
	<i>Subtotal</i>	<i>4.990</i>	<i>3.6</i>	<i>177,300</i>	<i>10</i>	<i>1.54</i>
Inferred	HW	0.195	7.4	14,400	30	0.19
	FW	0.829	1.1	8,800	5	0.12
	<i>Subtotal</i>	<i>1.024</i>	<i>2.3</i>	<i>23,200</i>	<i>23</i>	<i>0.31</i>
Safari North Deposit						
Indicated	HW	0.509	4.8	24,360	2	0.16
	FW	0.451	1.8	7,950	2	0.05
	<i>Subtotal</i>	<i>0.959</i>	<i>3.4</i>	<i>32,310</i>	<i>2</i>	<i>0.21</i>
Inferred	HW	0.313	8.9	27,935	9	0.09
	FW	0.693	2.6	18,250	5	0.14
	<i>Subtotal</i>	<i>1.006</i>	<i>4.6</i>	<i>46,185</i>	<i>6</i>	<i>0.23</i>
Safari South Deposit						
Indicated	HW					
	FW					
	<i>Subtotal</i>					
Inferred	HW	0.098	4.2	4,150	1	1.6
	FW	0.294	1.1	3,095	1	8.6
	<i>Subtotal</i>	<i>0.392</i>	<i>1.8</i>	<i>7,245</i>	<i>1</i>	<i>10.2</i>

Note: Figures have been rounded.

Source: Table 1.8_1 in the Kapulo Report.

All grade estimation was completed using Ordinary Kriging for copper and silver. This estimation approach was considered appropriate based on review of a number of factors, including the quantity and spacing of available data, the interpreted controls on mineralisation, and the style of mineralisation. The estimation was constrained with geological and mineralisation interpretations.

No mineral reserve has been determined at this stage.

Exploration and Development

Subject to the outcome of a feasibility study, Mawson intends to develop the Kapulo Project utilising a process plant with a rated capacity of 0.4Mtpa for oxide material and 0.5Mtpa for sulphide material. A flowsheet has been developed based on conventional comminution, flotation and filtration processes. Plant design is based upon crusher feed grades of about 5.40% Cu for the oxide material and 4.37% Cu for the sulphide material, these values being derived from the head assays of the completed metallurgical testing.

Coffey Mining have recommended that Mawson proceed with:

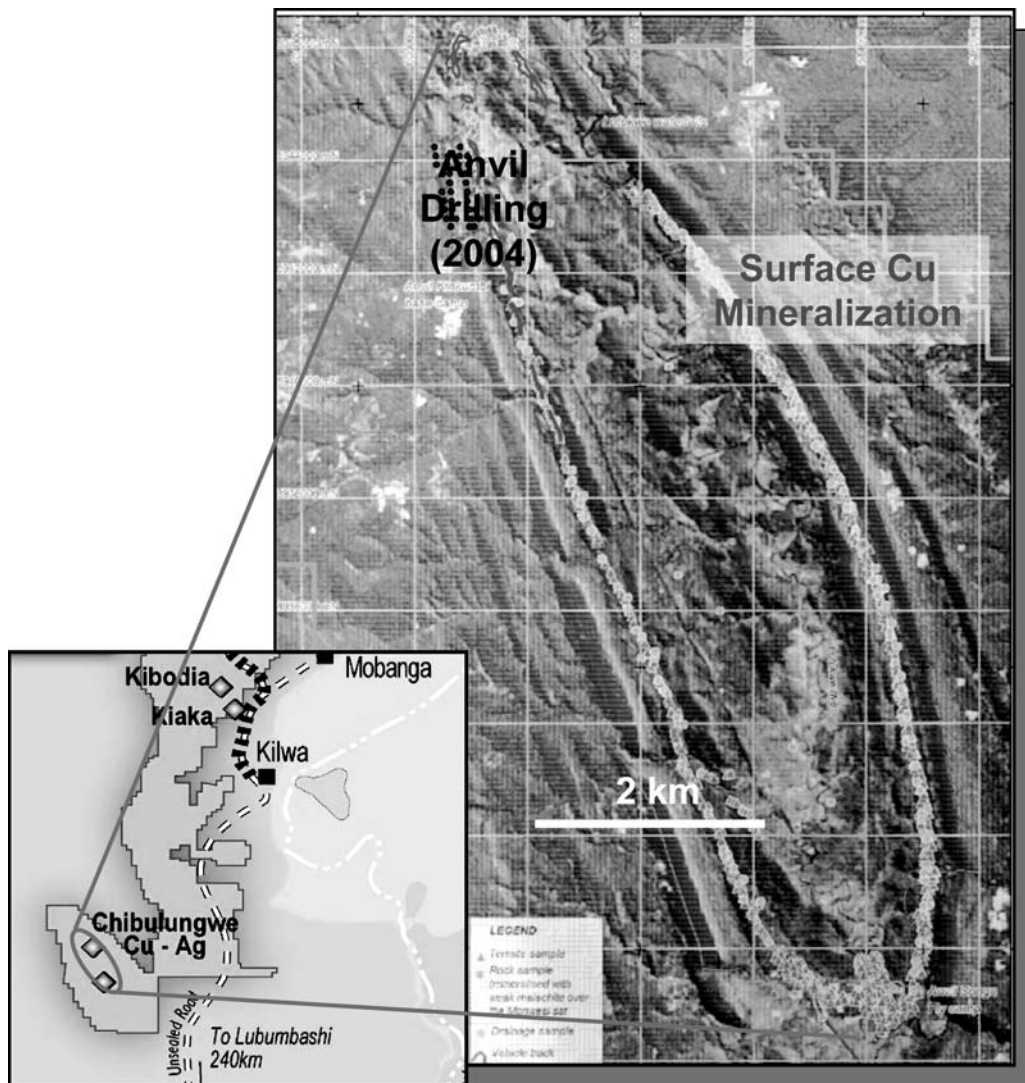
- Completing a feasibility study in order to assess the economic viability of the Kapulo Project.
- Further resource definition drilling as the geophysics completed during 2010 has provided a number of targets for drilling in 2011 and, as such, there is reasonable potential to increase resources within trucking distance of the Kapulo Project.
- Additional metallurgical testwork on the Safari North oxide and sulfide material to assess processing recoveries.
- Testwork on tailings and waste rock samples to assess the potential of acid rock drainage.

Mawson has commenced a feasibility study with a scheduled completion date of the second quarter of 2011.

The capital expenditures for the Kapulo Project are estimated by management to be \$65.7 million. Assuming the outcome of the feasibility study is positive, development would commence 2011 with production targeted by the third quarter of 2012. Management estimates that average annual production could be between 35 to 40 million pounds of copper.

THE LUFUKWE PROJECT

The Lufukwe Project is a prospective strata bound copper-silver exploration project located about 100 km southwest of the Dikulushi Mine. It is an inclined sheet-like deposit. The ore body is exposed at surface over a 5 km strike and the down-dip extent is untested. Limited drilling over a 1 km strike has yielded 1.75% Cu and 81.2 g/t Ag over 8.9 m and 2.01% Cu and 103.4 g/t Ag over 10.8 m.



USE OF PROCEEDS

The net proceeds to the Company from the Offering will be \$ ● after deducting the Commission and the estimated expenses of the Offering in the amount of \$400,000.

The Dikulushi Report recommends that Mawson complete a feasibility study to determine the economics of reopening production at the Dikulushi deposit through underground operation and/or the Dikulushi Cutback and conduct more detailed planning of any open pit mining that may be required at satellite resources, such as Kazumbula. Mawson has proposed a comprehensive 12 month exploration and development program and budget for the Dikulushi Mine totalling A\$1.3 million, which includes additional geotechnical, resource definition and regional extension and infill drilling. The authors of the Dikulushi Report endorse the Company's proposed program and budget and Mawson intends to fund the program from existing working capital and revenue. Consistent with these recommendations, Mawson is advancing the feasibility study on the Dikulushi Mine and management expects that the study will be completed during the second quarter of 2011 and that the cutback will be the superior alternative. Management believes that the Dikulushi Mine is sufficiently advanced to warrant completing the Offering to raise funds for the development of the Dikulushi Mine

in advance of the completion of the feasibility study. Assuming the outcome of the study is positive, a portion of the net proceeds from the Offering will be used to finance the costs of development, which are estimated by management to be \$51.7 million. During the period required to complete the feasibility study and any required development, Mawson intends to continue processing the low grade stockpile and carry out detailed planning of any additional open pit mining that may be required at satellite resources, such as Kazumbula.

Assuming the outcome of the Dikulushi Cutback feasibility study is positive and meets management's expectations, substantially all of the net proceeds from the Offering would be used for the development of the Dikulushi Cutback (estimated by management to total approximately \$51.7 million, comprised of mining and supervision costs). If the net proceeds from the Offering are not sufficient to finance the development of the Dikulushi Cutback, the development would be deferred until cashflow from the Kapulo Project is sufficient to fund such development or alternative financing (including debt or other equity financing) could be arranged. Any surplus funds over the intended expenditures will be allocated to working capital and/or exploration.

While the Company intends to spend the net proceeds of the Offering as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable. In particular, given the nature of mineral exploration and mine development, the stage of development of the Dikulushi Mine and the pending feasibility studies on the Dikulushi Mine, future information and results may require amendments to be made to the amount and nature of allocations of the net proceeds of the Offering. Moreover, there can be no assurance that all requisite approvals for mine construction and the commencement or expansion of production will be obtained or that production at the Dikulushi Mine will ultimately be determined to be economically viable. Accordingly, management will have broad discretion with respect to the allocation of these funds.

Until required for the Company's purposes, Mawson intends to hold the net proceeds from the Offering in term deposits at major Australian banks pending their expenditure. Mawson may from time to time invest excess cash balances in short-term commercial paper or similar securities.

DIVIDEND RECORD AND POLICY

The Company has not, since the date of incorporation, declared or paid any dividends on its Ordinary Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of the Company and such other factors as the Company's Board of Directors considers appropriate.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information for and as at the end of the periods indicated. This financial information is derived from, and should be read in conjunction with, the interim unaudited and annual audited consolidated financial statements and notes thereto included elsewhere in this prospectus. All financial information presented herein is prepared in accordance with IFRS. The Company has not provided, and is not required to provide, a reconciliation of its financial statements to Canadian GAAP. Until June 30, 2010, both the functional and presentation currency of Mawson was the Australian dollar. On July 1, 2010, Mawson adopted the United States dollar as its functional and presentation currency.

	Three Months Ended September 30		Financial Years Ended June 30		
	2010 (US\$)	2009 (A\$)	2010 (A\$)	2009 (A\$)	2008 (A\$)
Total Revenue	6,303,533	Nil	Nil	Nil	Nil
Net Income (Loss)	(835,945)	(860,864)	6,329,529	(4,469,023)	(5,550,468)
Loss per Share (basic) (cents) ⁽¹⁾	(0.25)	(0.56)	3.1	(2.96)	(4.92)
Loss per Share (diluted) (cents) ⁽¹⁾	(0.25)	(0.56)	3.1	(2.96)	(4.92)
Cash and Cash Equivalents	6,981,227	3,035,045	7,183,564	2,742,439	1,281,671
Total Assets	46,144,719	5,064,354	45,560,904	6,104,234	3,692,334
Total Liabilities	4,923,407	452,170	2,454,360	621,779	460,397

Note:

(1) Amount is presented on a pre-Consolidation basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the historical consolidated financial statements of Mawson and the related notes thereto included in this prospectus. Except where otherwise indicated, the information in this MD&A is current as at the date of this prospectus. The consolidated financial statements of Mawson and the financial information contained in this MD&A were prepared in accordance with IFRS. **All amounts in this MD&A are expressed in Australian dollars unless otherwise identified.**

This MD&A contains forward-looking information, such as statements regarding potential mineralization, resources, reserves and exploration results and future plans and objectives of the Company that are subject to various risks and uncertainties, including those set forth in "*Statement Regarding Forward-Looking Information*" and "*Risk Factors*". There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. Readers are cautioned not to place undue reliance on this forward-looking information.

Overview

The Company is an Australian-based copper producer, developer and explorer. Mawson's focus is on the DRC, and its major asset is its 90% ownership of the Dikulushi Mining Convention, which covers an exploration land package of approximately 8,000 km² and encompasses the Company's two main projects, the Dikulushi Mine and the Kapulo Project, as well as multiple exploration targets, including the Lufukwe Project. The Company's principal objectives are to expand copper production at the Dikulushi Mine, commence copper production at the Kapulo Project and further explore the Dikulushi Mining Convention area to identify new targets.

The Company currently has no long-term debt obligations.

As at the date of this prospectus, the Company has 82,362,189 Ordinary Shares outstanding and 6,037,917 unlisted options outstanding which are exercisable to acquire an equivalent number of Ordinary Shares, subject to various expiry dates and exercise prices. In addition, the Company has issued 120,000,000 Subscription Receipts pursuant to the Subscription Receipt Offering that will be exercised for 30,000,000 Subscription Receipt Shares in the manner described in this prospectus.

Selected Financial Information

For a summary of Mawson's annual and interim consolidated results for each of the Company's three most recently completed financial years and its most recently completed financial quarter, see "*Selected Consolidated Financial Information*".

Results of Operations

The financial performance of the Company is expected to be affected by ongoing exploration, development and production activities being conducted on its properties, including production of copper and silver at the Dikulushi Mine and the proposed development of the Kapulo Project. Until such time as commercial production is achieved at the Kapulo Project, the Company will continue to incur exploration and development expenditures and administrative costs, resulting in continuing operating losses. The financial performance of the Company will be closely linked to the price of copper. The price of copper also affects the viability and economics of the Company's projects and prospects.

As of July 1, 2010, the Company adopted the United States dollar as its functional and presentation currency for financial statement reporting. Although the Company receives proceeds of financings in Canadian dollars, a significant portion of the Company's costs are related to the United States dollar, the Australian dollar, and the Congolese Franc. A significant portion of the Company's sales are transacted in United States dollars. Therefore, an increase or decrease in exchange rates among the Australian dollar, Canadian dollar, United States dollar and/or Congolese Franc could significantly affect the Company's operating costs, cash flows and profits expressed in United States dollars.

The Company may require additional financing for development of the Kapulo Project and expansion of the Dikulushi Mine and other of the Company's projects. Failure to obtain sufficient financing in the future may result in delay or indefinite postponement of the development of the Company's projects. There can be no assurance that equity or debt financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company.

See "*Risk Factors*" for a further discussion of these and other risk factors associated with the Company and an investment in the Ordinary Shares.

Review of Three Month Period Ended September 30, 2010 as compared to Three Month Period Ended September 30, 2009

Mawson reported revenue of US\$6,303,533 and a net loss of US\$835,945 (US\$0.0025 per share on a pre-Consolidation basis) for the three months ended September 30, 2010, as compared to Nil revenue and a net loss of A\$860,864 (A\$0.0056 per share on a pre-Consolidation basis) for the corresponding period to September 30, 2009, reflecting revenue derived from the re-commencement of production at the Dikulushi mine in July 2010.

Total expenditure on exploration and evaluation activities over the three month period ended September 30, 2010 was US\$937,087 focusing primarily on the further evaluation and development of the Kapulo Project towards completion of a definitive feasibility study in 2011. Expenditure on exploration and evaluation activities for the three months to September 30, 2009 was A\$607,148, primarily paid towards resource definition at the Kapulo Project.

During the three month period ended September 30, 2010, the Company completed financings pursuant to which it issued 17,772,376 Ordinary Shares (on a pre-Consolidation basis) at a price of C\$0.30 per share for aggregate gross proceeds of C\$5,331,712. In addition, the Company issued 408,479 Ordinary Shares (on a pre-Consolidation basis) at a price of C\$0.30 per share in lieu of payments to employees, 1,697,750 Ordinary Shares (on a pre-Consolidation basis) to employees at a price of C\$0.30 per share payable in twelve monthly installments and 1,575,000 Ordinary Shares (on a pre-Consolidation basis) pursuant to the Company's Employee Share Purchase Plan. The Company also cancelled 1,350,000 Ordinary Shares (on a pre-Consolidation basis) previously issued pursuant to the Employee Share Purchase Plan. There were no equity issues during the three months ended September 30, 2009.

Review of Year Ended June 30, 2010 as compared to Year Ended June 30, 2009

The Company's cash and cash equivalents on hand as at June 30, 2010 was A\$7,183,564 as compared to A\$2,742,439 as at June 30, 2009. The increase reflects the proceeds from equity financings completed during the financial year ended June 30, 2010 and the cash costs of operations.

Cash flow from financing activities was A\$11,760,205 for the financial year ended June 30, 2010, comprised of proceeds from the issue of shares and of shares to be issued compared to A\$6,641,251 for the financial year ended June 30, 2009 for proceeds from the issue of shares during that year, in each case after capital raising costs.

The Company's principal source of income during the financial year ended June 30, 2010 was from interest on bank deposits. Interest revenue for the financial year ended June 30, 2010 was A\$70,924 as compared to A\$191,221 for the financial year ended June 30, 2009, reflecting a lower level of average cash balances invested in interest-bearing short term deposits.

The consolidated net profit for the financial year ended June 30, 2010 was A\$6,329,529 (or A\$0.031 per share on a pre-Consolidation basis) as compared to a net loss of A\$4,469,023 (or A\$0.0296 per share on a pre-Consolidation basis) for the financial year ended June 30, 2009, reflecting the discount on acquisition of net assets during the year and the costs of operations.

In April 2010, Mawson acquired Anvil's 90% interest in CMCC, which owns the Dikulushi Mining Convention, and acquired 100% of AMZ, in consideration for which it issued 83,070,000 Ordinary Shares (on a pre-Consolidation basis) to Anvil Mining Investments Limited, representing approximately 28% of the issued capital of Mawson at that time. The acquisition also resulted in Mawson increasing its interest in the Kapulo Project from 65% to 90% through the acquisition of CMCC, which was its joint venture partner on the Kapulo Project.

For the financial year ended June 30, 2010, total expenditure on exploration, evaluation and re-furbishment activities was A\$2,253,038 (exploration and evaluation) and \$2,487,687 (re-furbishment costs)). Re-furbishment expenditure was focussed primarily on the commencement of production at the Dikulushi Mine, and exploration expenditure was largely on further resource drilling, evaluation and development of the Kapulo Project. For the financial year ended June 30, 2009, total expenditure on exploration and evaluation activities was A\$2,468,950 (exploration) and Nil for re-furbishment. Expenditure for the year ended June 30, 2010 was significantly higher than for the year ending June 30, 2009 due to the Company's acquisition of the Dikulushi Mine and its complete refurbishment to restart operations. In the year ended June 30, 2009, Mawson's focus was on resource drilling. Expenditure during this period related to drilling, salary and wages of key employees, independent consulting work, camp and road maintenance and other geological endeavours on the Kapulo Project.

General, administrative and marketing expenses were A\$3,811,809 for the financial year ended June 30, 2010 as compared to A\$2,159,589 for the financial year ended June 30, 2009. General administrative and marketing costs

increased mainly due to the increased activity of the Company in the DRC and the consequent investment in local staff and facilities to support the Company's exploration programs.

Review of Year Ended June 30, 2009 as compared to Year Ended June 30, 2008

The Company's cash and cash equivalents on hand as at June 30, 2009 was A\$2,742,439 as compared to A\$1,281,671 as at June 30, 2008. The increase reflects the equity financings completed during the financial year ended June 30, 2009 and operating costs.

Cash flow from financing activities was A\$6,641,251 for the financial year ended June 30, 2009, comprised of proceeds from the issue of shares, compared to A\$1,904,800 for the financial year ended June 30, 2008 for proceeds from the issue of shares during that year, in each case after capital raising costs. During the year ended June 30, 2009, the Company issued 33,333,334 Ordinary Shares (on a pre-Consolidation basis) at a price of A\$0.21 per share for aggregate gross proceeds of A\$7,000,000, prior to capital raising costs.

The Company's principal source of income during the financial year ended June 30, 2009 was from interest on bank deposits and profit of sale of investments of A\$364,847. Interest revenue for the financial year ended June 30, 2009 was A\$191,221 as compared to A\$140,207 for the financial year ended June 30, 2008, reflecting a higher level of average cash balances invested in interest-bearing short term deposits.

The consolidated net loss for the financial year ended June 30, 2009 was A\$4,469,023 (or A\$0.0296 per share on a pre-Consolidation basis) as compared to a net loss of A\$5,550,468 (or A\$0.0492 per share on a pre-Consolidation basis) for the financial year ended June 30, 2008, reflecting write off of exploration expenditure and ongoing general and administrative costs.

For the financial year ended June 30, 2009, total expenditure on exploration and evaluation activities was A\$2,468,950, focussed primarily on the further evaluation and development of the Kapulo Project. For the financial year ended June 30, 2008, total expenditure on exploration and evaluation activities was A\$3,127,908. In the year ended June 30, 2009, Mawson's focus was on resource drilling; however, due to financing constraints, the planned exploration programs were curtailed. Cash expenditure during this period related to drilling, salary and wages of key employees, independent consulting work, camp and road maintenance and other minor geological endeavours. In the year ended June 30, 2008, Mawson's focus was also on resource drilling. Cash expenditure during this period related to drilling, salary and wages of key employees, independent consulting work, camp and road maintenance and other geological endeavours on the Kapulo Project.

General and administrative expenses were A\$2,159,589 for the financial year ended June 30, 2009 as compared to A\$2,043,870 for the financial year ended June 30, 2008. General and administrative costs increased mainly due to the increased activity of the Company in the DRC.

Summary of Quarterly Results

No discussion of quarterly results for the eight most recently completed quarters has been included herein due to the fact that quarterly financial statements have not been prepared by the Company as it was not required to do so under the Corporations Act.

Liquidity and Capital Resources

As at September 30, 2010, the Company had US\$6,981,227 in cash and cash equivalents.

Mawson does not have, nor has it had in the past three financial years, any short or long term project finance or debt facilities provided to it or on standby from any third party financier or lending institution.

During the last three years, the Company has funded its activities through equity raisings and has accessed equity capital markets as its primary source of funding to finance its activities. A cash total of US\$4,191,813 was raised from the issue of Ordinary Shares during the period ended September 30, 2010, A\$11,760,205 was raised from the issue of Ordinary Shares during the financial year ended June 30, 2010, A\$6,641,251 was raised during the financial year ended June 30, 2009 and A\$1,904,800 was raised during the financial year ended June 30, 2008.

The Company's financial commitments are limited to controllable discretionary spending on work programs at the Dikulushi Mine and the Kapulo Project, other exploration project sites, administration expenditure at the DRC and Australia office locations and for general working capital purposes.

It is anticipated that the Company's cash reserves of US\$6,981,227 (as at September 30, 2010), along with the net proceeds from the Subscription Receipt Offering and operating cashflow from the Dikulushi Mine will be sufficient for the Company to finance the development of the Kapulo Project, an aggressive exploration program and all other contractual, corporate and administrative costs for the next 18 months. The net proceeds from the Offering will fund the expansion of the Dikulushi Mine. Operating cash flow from the Kapulo Project is expected to be generated upon commencement of first copper concentrate production targeted for the third quarter of 2012.

Off-Balance Sheet Transactions

There were no off-balance sheet transactions in the periods under review.

Related Party Transactions

The Company has completed certain transactions with related parties. In particular, certain payments have been made by the Company to entities related to certain directors for the provision of corporate and management services, and certain payments have been made to an entity in which a director has an interest for office facilities in a building in which another director has an interest. For a description of all of the transactions involving the Company and related parties for the financial years ended June 30, 2010, June 30, 2009 and June 30, 2008, please refer to Note 7 of the Company's consolidated financial statements for the years then ended included in this prospectus.

Tax Position

Under Australian income tax legislation, exploration and evaluation expenditure is generally regarded as an immediate tax deduction. Under IFRS the benefit of these tax losses cannot be brought to account in the financial statements of the Company. Australian tax losses incurred by Mawson can (subject to certain ownership and business tests) be carried forward and offset against future income.

For Australian accounting purposes, these losses can only be brought to account to the extent that it is probable future taxable profits will be available against these unused tax losses and can be utilized. On the basis Mawson is not likely (through its existing foreign assets) to derive Australian assessable income, these tax losses have not been brought to account.

Significant Accounting Policies and Estimates

Management is required to make various estimates and judgments in determining the reported amounts of assets, liabilities, revenues and expenses for each period represented and in the disclosure of commitments and contingencies. Accounting estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable in the circumstances. A description of Mawson's significant accounting policies is included in Note 1 to the financial statements of Mawson contained in this prospectus. Management considers the following to be the accounting policies which reflect its more significant estimates and judgments used in the preparation of the Company's financial statements.

Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred when the following conditions are satisfied: (i) the rights to tenure of the area of interest are current; and (ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale, or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in Australian Accounting Standards Board 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the

exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortized over the life of the reserves associated with the area of interest once mining operations have commenced.

Foreign Currency

All foreign currency transactions during the period have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. All exchange differences are brought to account in the consolidated income statement in the financial period in which they arise.

All costs associated with the feasibility studies for the Dikulushi Mine and the Kapulo Project have been capitalized to deferred exploration and evaluation as these costs are expected to be recognized through the successful development and exploitation of the Dikulushi and Kapulo mines. The carrying value of non-current assets is reviewed regularly to ensure the expected net Dikulushi and Kapulo mines cash flows exceed the carrying value. Exploration costs on all projects are capitalized provided the conditions and tests for capitalization, contained within the IFRS accounting standards, are met.

Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Share Based Payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”). The plan in place that provides these benefits is the Employee Share Purchase Plan (the “**ESP Plan**”), which provides benefits to directors and employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the Company using the Black-Scholes option valuation model.

The value of any shares issued to directors and employees by way of a non-recourse loan under the ESP Plan is recognized with a corresponding increase in equity when the Company receives funds from either the employees repaying the loan or upon loan termination. All shares issued under the ESP Plan with non-recourse loans are considered, for accounting purposes, to be options.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (“market conditions”).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Changes in Accounting Policies Including Initial Adoption

The Company's key accounting policies and the adoption of new and revised accounting standards are provided in Note 1 to the financial statements beginning at page F-1 of this prospectus. There have been no significant changes in such policies.

Financial Instruments and Other Instruments

The principal financial instruments used by the Company are cash, receivables, metal hedging contracts, payables and prepayments. As a result of the use of these financial instruments, the Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company takes a proactive approach to risk management. The Board of Directors is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors. The Board of Directors provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will offset the Company's income. The Company is exposed to fluctuations in foreign currency, interest rates and metal prices (principally copper), in the normal course of its business operations. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. The Company also has minor exposure to the Congolese Franc. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Company is exposed to interest rate risk as it invests funds at floating interest rates. Sensitivity analysis has not been performed against movement in interest rates as the exposure is not considered material. The Company is also exposed to commodity price risk as its major assets are copper exploration assets. To manage this risk, the Company has entered into hedge contracts to fix the price of copper concentrate sold. The Company has not entered into hedge arrangements in relation to amounts receivable for sales of silver, which are dependent on the price of silver at the time of the receipt of sales proceeds when the shipment reaches the customer.

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The Company limits its exposure to credit risk by investing in liquid securities and only with counterparties that have an

acceptable credit rating. Management does not expect any counterparty to fail to meet its obligations. The most significant credit exposure relating to receivables is the balance due from LN Metals International Ltd. of US\$1,519,228 in relation to sales of copper and silver concentrate at September 30, 2010. Except for hedge contracts entered into subsequent to June 30, 2010 to fix the price of copper concentrate sold, the Company does not have any exposure to any derivative financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. In the absence of operating revenue, the Company must raise additional capital from time to time in order to fund its exploration activities. The decision to raise capital in the future depends on market conditions existing at that time and the level of forecasted activities and expenditures.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

This prospectus qualifies the distribution of ● Shares issuable under the Offering. Subject to certain prescribed exceptions, under the Corporations Act and the Company's Constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. No other shares in the capital of the Company of any other classes are authorized, issued or outstanding.

As of February 11, 2011, the Company had 82,362,189 Ordinary Shares issued and outstanding. Upon the issuance of the Shares and the Subscription Receipt Shares, the Company will have ● Ordinary Shares issued and outstanding. See "*Consolidated Capitalization*".

The holders of Ordinary Shares are entitled: (a) to vote at all meetings of shareholders of the Company; (b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, any dividends declared by the Company; and (c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

The Ordinary Shares do not carry any pre-emptive, subscription, redemption, retraction, purchase for cancellation or surrender, conversion or exchange rights, any sinking fund or purchase fund provisions, nor do they contain provisions requiring a security holder to contribute additional capital.

CONSOLIDATED CAPITALIZATION

There has been no material change in the share and loan capital of the Company, on a consolidated basis, since September 30, 2010, other than with respect to the Subscription Receipt Offering, the Offering and the Consolidation.

Pursuant to the Subscription Receipt Offering, the Company issued 120,000,000 Subscription Receipts, each of which will be automatically exercised for one-quarter of one (1/4) Ordinary Share upon satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline in the manner described in this prospectus. See “*Description and General Development of the Business — Three Year History — Subscription Receipt Offering*”.

On January 20, 2011, the Company completed the Consolidation, which resulted in the consolidation of its Ordinary Shares on a 1-for-4 basis, as approved by the shareholders of the Company at a meeting of the shareholders held on January 20, 2011. The Consolidation had the effect of reducing the issued and outstanding Ordinary Shares from 329,448,441 to 82,362,189. In addition, in accordance with the terms of the Subscription Receipt Agreement, the exchange basis for the number of Subscription Receipt Shares issuable upon exercise of each Subscription Receipt was adjusted to account for the Consolidation, with the result that each Subscription Receipt became exercisable for one-quarter of one (1/4) Subscription Receipt Share upon exercise rather than one Ordinary Share, which was the original exchange basis at the time the Subscription Receipts were issued.

The following table describes the consolidated capitalization of the Company on an actual basis as at September 30, 2010 and on a pro forma basis as at September 30, 2010 to reflect the completion of the Offering, the Subscription Receipt Offering and the issuance of the Subscription Receipt Shares. The information set forth below is derived from the unaudited consolidated financial statements of the Company included in this prospectus and should be read in conjunction with such financial statements. The Company’s financial statements are prepared and presented in accordance with IFRS rather than Canadian GAAP. The Company has not provided, and is not required to provide, a reconciliation of its financial statements to Canadian GAAP. Until June 30, 2010, both the functional and presentation currency of Mawson was the Australian dollar. At July 1, 2010, Mawson adopted the United States dollar as its functional and presentation currency. **All dollar amounts below are expressed in United States dollars.**

	<u>Outstanding as at September 30, 2010</u> (unaudited) ⁽¹⁾	<u>Outstanding as at September 30, 2010 after giving effect to the Offering and Subscription Receipt Offering⁽²⁾</u>
Contributed Equity	\$ 51,592,255	\$ ●
Issued capital — Ordinary Shares (authorized: unlimited)	\$ 51,592,255	\$ ●
Number of Ordinary Shares ⁽³⁾	329,408,441	●
Reserves	\$ 4,021,818	\$ ●
Accumulated losses	\$(17,164,959)	\$(●)
Total Capitalization	\$ 41,221,312	\$ ●

Notes:

- (1) In Canadian dollars, based on the Bank of Canada nominal noon exchange rate of US\$1.00 = C\$1.0298 on September 30, 2010, the issued capital was C\$53,129,704, the reserves were C\$4,141,668, the accumulated losses were C\$(17,676,474) and the total capitalization was C\$42,449,707.
- (2) In Canadian dollars, based on the Bank of Canada nominal noon exchange rate of US\$1.00 = C\$1.0298 on September 30, 2010, the issued capital would be C\$ ● , the reserves would be C\$ ● , the accumulated losses would be C\$(●) and the total capitalization would be C\$ ● .
- (3) The number of Ordinary Shares outstanding as at September 30, 2010 is on a pre-Consolidation basis. The pro forma number of Ordinary Shares outstanding as at September 30, 2010 after giving effect to the Offering and the Subscription Receipt Offering gives effect to the Consolidation and is presented on a post-Consolidation basis.

OPTIONS TO ACQUIRE ORDINARY SHARES

At as February 11, 2011, the Company had options to purchase 6,037,917 Ordinary Shares issued and outstanding as described in the following table.

<u>Category</u>	<u>Number of Ordinary Shares Underlying Unexercised Options</u>	<u>Option Exercise Price (\$/Ordinary Share)</u>	<u>Option Expiration Date</u>
All executive officers and past executive officers, as a group (4 in total) and all non-executive directors and past non-executive directors, as a group (3 in total)	462,500 1,637,500 962,500 32,500	A\$0.80 A\$1.20 A\$0.80 C\$1.80	August 22, 2013 August 22, 2013 August 22, 2013 August 22, 2013
Executive officers and past executive officers, of subsidiaries as a group (1 in total) and all non-executive directors and past non-executive directors of subsidiaries, as a group (Nil in total)	125,000 187,500	US\$0.60 C\$1.20	April 8, 2015 April 8, 2015
All other employees and past employees, as a group (35 in total)	162,500 231,250 800,000 170,000 300,000	A\$1.20 A\$0.80 US\$0.60 C\$1.20 C\$1.80	August 22, 2013 August 22, 2013 April 8, 2015 April 8, 2015 April 8, 2015
All other employees and past employees of subsidiaries, as a group (Nil in total)	Nil	N/A	N/A
All consultants as a group	Nil	N/A	N/A
Other (Pacific Road Holdings NV and its affiliates)	216,667	C\$1.20	September 16, 2012
Other (GMP Securities L.P.)	750,000	US\$0.60	October 20, 2011

Security-Based Compensation Arrangements

For disclosure on the Company's security-based compensation arrangements, see "Executive Compensation — Security-Based Compensation Arrangements".

PRIOR SALES

The following table sets out the Ordinary Shares and securities convertible into Ordinary Shares issued in the 12 months preceding the date of this prospectus. All amounts are presented on a pre-Consolidation basis.

<u>Date</u>	<u>Number and Type of Security</u>	<u>Price/ Exercise Price per Security</u>	<u>Description of Transaction</u>
April 2010	73,070,000 Ordinary Shares	A\$0.162	Acquisition of CMCC
April 2010	10,000,000 Ordinary Shares	A\$0.162	Acquisition of CMCC
April 2010	3,700,000 Options (expiring April 8, 2015)	US\$0.15	Employee Incentive Options
June 2010	9,900,000 Ordinary Shares	US\$0.15	Employee Share Purchase Plan
July 2010	750,000 Ordinary shares	US\$0.15	Employee Share Purchase Plan
July 2010	4,384,775 Ordinary Shares	C\$0.30	Placement for cash
July-Sept. 2010	17,772,376 Ordinary shares	C\$0.30	Placement for cash
July-Sept. 2010	408,479 Ordinary shares	C\$0.30	Issued in lieu of payments to employees
July-Sept. 2010	1,697,750 Ordinary shares	C\$0.30	Issued to employees payable in installments
July-Sept. 2010	825,000 Ordinary shares	C\$0.30	Employee Share Purchase Plan
September 2010	3,700,000 Options (expiring April 8, 2015)	C\$0.30	Employee Incentive Options
September 2010	866,667 Options (expiring September 16, 2012)	C\$0.30	Capital raising costs
December 2010	40,000 Ordinary shares	C\$0.30	Issued to employee payable in installments
November 2010	300,000 Options (expiring April 8, 2015)	C\$0.45	Employee Incentive Options
December 2010	116,000,000 Subscription Receipts	C\$0.50	Subscription Receipt Offering
January 2011	130,000 Options (expiring August 22, 2013)	C\$0.45	Issued to non-executive director
January 2011	4,000,000 Subscription Receipts	C\$0.50	Subscription Receipt Offering

PRICE RANGE AND TRADING VOLUME

The Ordinary Shares are not currently, and have not been during the 12 months preceding the date of this prospectus, listed or posted for trading on any stock exchange.

PRINCIPAL SHAREHOLDERS

As at the date of this prospectus, to the knowledge of the directors and executive officers of the Company, no person will beneficially own, directly or indirectly, or will exercise control or direction over 10% or more of the issued and outstanding Ordinary Shares, either before or after giving effect to the issuance of the Shares under the Offering and the issuance of the Subscription Receipt Shares upon exercise of the Subscription Receipts, other than as set out below:

<u>Principal Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>Type of Ownership</u>	<u>Percentage of Class^{(1),(2)}</u>	<u>Percentage of Class after Giving Effect to the Offering and Subscription Receipt Offering⁽²⁾</u>
Anvil Mining Investments Limited	20,767,500	Registered and beneficial	25.2%	● %
Pacific Road Holdings NV ⁽³⁾	13,490,233	Registered and beneficial	16.4%	● %

Notes:

- (1) Based on the number of Ordinary Shares currently outstanding on a post-Consolidation basis and prior to giving effect to the issuance of the Shares under the Offering or the exercise of the Subscription Receipts.
- (2) The Percentage of Class and Percentage of Class after Giving Effect to the Offering and Subscription Receipt Offering, calculated on a fully-diluted basis, are 23.5% and ● %, respectively, in respect of Anvil Mining Investments Limited, and 15.3% and ● %, respectively, in respect of Pacific Road Holdings NV.
- (3) These Ordinary Shares are held by Pacific Road Holdings NV or its affiliates. Pacific Road Holdings NV or its affiliates also own 4,000,000 Subscription Receipts which are exercisable for 1,000,000 Subscription Receipt Shares upon the satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline.

DIRECTORS AND EXECUTIVE OFFICERS

Name and Occupation

The following table sets forth the name of each director and executive officer of the Company, their province or state and country of residence, their position(s) with the Company, their principal occupation during the preceding five years, and the date they first became a director.

<u>Name and Place of Residence</u>	<u>Position(s) with the Company</u>	<u>Principal Occupation⁽¹⁾</u>	<u>Date of Appointment</u>
Mark Stowell ^{(3),(4)} Western Australia, Australia	Chairman and director	Chairman of the Company	March 1996
Anthony Lloyd ^{(3),(4)} Ontario, Canada	Deputy Chairman and director	President of Rivenhall Capital Limited	October 2007
David Frances Western Australia, Australia	Managing Director, Chief Executive Officer and director	Managing Director and Chief Executive Officer of the Company	February 2006
Jonathan Asquith Western Australia, Australia	Chief Financial Officer, Company Secretary and director	Chief Financial Officer and Company Secretary of the Company	August 2001
Glenn Zamudio Western Australia, Australia	Executive General Manager, Operations and director	Executive General Manager, Operations of the Company	October 2007
Michael Lawlor ⁽³⁾ Western Australia, Australia	Director (non-executive)	Manager Group Technical Services, Anvil Mining Ltd.	April 2010
Louis Rozman ⁽⁴⁾ New South Wales, Australia	Director (non-executive)	Director, Pacific Road Capital Management	November 2009

Notes:

- (1) Please see the biographical information below for details of principal occupation for the preceding five years.
- (2) All directors have been elected to serve until the next annual meeting of shareholders of the Company, subject to earlier resignation or removal.
- (3) Member of the Audit Committee.
- (4) Member of the Remuneration Committee.

Biographical Information

Biographical information for the Company's directors and executive officers are as follows:

Mark Stowell, B.Bus, CA — Chairman (non-executive) — Mr. Stowell has been involved in the public company corporate sector for over 20 years, formerly as a manager in the corporate division of an international accounting firm and subsequently in the establishment and management of a number of successful ventures as principal. These include Allight Pty Ltd. (engineering, generators, lighting and hire), Anvil Mining Ltd. (copper mining in the DRC) and Incremental Petroleum Ltd. (oil and gas production in Turkey). Mr. Stowell also currently serves as a director of Orrex Ltd. (ASX:ORX), Incremental Oil and Gas Limited (ASX:IOG) and Kula Gold Ltd. (ASX:KGD). Mr. Stowell is a chartered accountant and a member of the Institute of Chartered Accountants in Australia.

Anthony Lloyd, MBA, BSc (Hons) — Deputy Chairman (non-executive) — Mr. Lloyd has over 35 years of experience in corporate finance and private equity financing both as a principal and advisor in a broad range of public and private market transactions. Since June 2005, he has been President of Rivenhall Capital Limited, a private financial advisory firm. He has been a corporate director since 2001 and a board member of a number of public and private companies principally involved in the mining and minerals exploration industries. He also currently serves as

a director of North Atlantic Resources Ltd. (TSX-V:NAC) and PC Gold Inc. (TSX:PKL). Mr. Lloyd is a graduate of The Royal School of Mines and has an MBA from Columbia University.

David Frances, BSc (Hons) — Managing Director, Chief Executive Officer and director — Mr. Frances has 20 years of experience in multi-commodity mineral exploration, project evaluation, project finance, development and mining in Australia, China, North America, Africa and New Zealand, including as a team leader in the delineation and development of the complex Challenger gold deposit for Dominion Mining Limited (ASX:DOM). Mr. Frances brings to the Company considerable experience in the management of, and strategic planning for, mining projects from discovery to production. Mr. Frances also currently serves as a director of Orrex Ltd. (ASX:ORX).

Jonathan Asquith, BA (Hons), CA, MBA — Chief Financial Officer, Company Secretary and director — Mr. Asquith is a chartered accountant with over 20 years of corporate experience with major international accounting firms and commercial enterprises. He has held senior executive positions with a number of public and listed Australian companies. Mr. Asquith completed an MBA at the University of Western Australia and brings to the Company considerable experience in managing and strategic planning of developing businesses.

Glenn Zamudio, BSc, MBA, CFA — Executive General Manager, Operations and director — Mr. Zamudio has five years of process and project engineering experience from feasibility through to commissioning. Mr. Zamudio has 10 years of merchant banking experience initially as a quantitative analyst and then in the investment banking division of a South African bank. From 2002 to 2006, he managed private businesses in Australia. Mr. Zamudio brings to the Company a diverse set of skills with African projects and local exposure which complements the Company's management and Board of Directors.

Michael Lawlor, BEng, MEngSc — director (non-executive) — Mr. Lawlor holds the position of Manager Group Technical Services at Anvil Mining Ltd. Mr. Lawlor has had twenty five years of experience as a mining engineer and joined Anvil Mining Ltd. in July 2007 following a period of almost ten years as a Principal Mining Consultant and Division Manager for Snowden Mining Industry Consultants in Perth, Western Australia. Mr. Lawlor has a Bachelor of Engineering (Mining) degree from the WA School of Mines and a Master of Engineering Science (Mining Geomechanics) degree from James Cook University. He holds additional qualifications in Mineral Economics and Project Management, is a Fellow of the Australasian Institute of Mining and Metallurgy and also a Chartered Engineer of the Institution of Engineers, Australia.

Louis Rozman, BEng, MGeog — director (non-executive) - Mr. Rozman is a Mining Engineer and executive with 30 years of experience operating and constructing projects in Africa, Australia and the Pacific Islands. Mr. Rozman was Chief Operations Officer of Aurion Gold Limited and was instrumental in the development of its predecessor, Delta Gold Limited. Mr. Rozman is currently Investment Director of Pacific Road Capital Management Pty Ltd., and a director of Kula Gold Ltd., Pacific Energy Ltd. and Carbon Energy Ltd. He is a Fellow and Chartered Professional (Management) of the Australian Institute of Company Directors, and has a BEng (Mining) degree from the University of Sydney and a Masters of Geoscience (Min Ec) from Macquarie University.

Shareholdings of Directors and Senior Officers

As at the date of this prospectus, the directors and executive officers of the Company, as a group, beneficially own, control or direct, directly or indirectly, 5,957,115 Ordinary Shares representing approximately 7.2% of the issued and outstanding Ordinary Shares prior to giving effect to the Offering and the exercise of the Subscription Receipts. After giving effect to the Offering and the issuance of the Subscription Receipt Shares upon the exercise of the Subscription Receipts, the directors and executive officers, as a group, would own or exercise control over approximately ● % of the outstanding Ordinary Shares.

Corporate Cease Trade Orders

To the Company's knowledge, no existing director or executive officer of the Company is, as at the date of this prospectus, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or

executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the Company's knowledge, no existing director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company's knowledge, no existing director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors and the officers of the Company are, or may become, directors or officers of other companies with businesses which may conflict with the business of the Company. Directors are required to act honestly and in good faith with a view to the best interests of the Company. In addition, directors in a conflict of interest position are required to disclose certain conflicts to the Company and to abstain from voting in connection with the matter. To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and a director or officer of the Company as a result of such individual's outside business interests at the date hereof. However, certain of the directors and officers of the Company serve as directors and/or officers of other companies. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on behalf of the Company.

Indebtedness of Directors and Officers

Except as set out below, there is no indebtedness owing to the Company from any executive officer or director or former director or executive officer of Mawson or any subsidiary of Mawson or any associate of such person, including indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Mawson or a subsidiary of Mawson. No person who is, or was at any time during the most recently completed financial year was, a director or executive officer of the Company, or any associate of such person, is, or was at any time since the beginning of the most recently completed financial year of the Company, has been indebted to the Company or any of its subsidiaries, including any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Mawson or a subsidiary of Mawson.

In April 2010, certain directors and executive officers of the Company received interest free loans from the Company in the aggregate amount of A\$1,005,000 to enable them to acquire Ordinary Shares of the Company under the Company's Employee Share Purchase Plan. As of the date of this prospectus, these loans remain outstanding in accordance with their terms. See "*Executive Compensation — Security-Based Compensation Arrangements — Share Purchase Plan*".

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company's Board of Directors believes that the Company's performance depends on the quality of its key management and personnel. The Company's executive compensation is therefore based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy and consistent with industry average of similar size companies. To this end, the Company embodies the following principles in its compensation policies:

- to provide competitive rewards to attract high calibre executives;
- to link executive rewards to shareholder value;
- to provide a significant proportion of executive compensation "at risk", dependent upon meeting pre-determined targets; and
- to establish demanding, appropriate performance hurdles in relation to variable executive compensation.

The Company is committed to compensating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under its compensation policies, the remuneration of senior executives may be comprised of a combination of the following: fixed base salaries that are determined from a review of the market and reflect core performance requirements and expectations, indirect compensation (benefits), discretionary bonuses designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance, statutory superannuation (pension) contributions which are a percentage of base salary as required under the *Superannuation Guarantee (Administration) Act 1992* (Commonwealth of Australia), and long-term incentives in the form of participation in any security-based compensation plans of the Company with thresholds approved by shareholders. In determining actual compensation levels, the total program is considered, rather than any single element in isolation. Total compensation levels are set to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity).

The compensation levels of the Managing Director and Chief Executive Officer are designed to recognize the Managing Director and Chief Executive Officer's personal contributions and leadership. The Remuneration Committee, in consultation with the Board of Directors, formally evaluates the performance of the Managing Director and Chief Executive Officer each year using both financial and non-financial measurements, and may increase the Managing Director and Chief Executive Officer's total compensation to levels that are consistent with corporate and individual performance.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders. Security-based awards provide compensation and an additional incentive to work toward long-term corporate performance. Security based awards will be granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of security-based awards to be granted to the executive officers, the Board of Directors will take into account the number of securities, if any, previously granted to each executive officer and the issue price of any Ordinary Shares and exercise price of any outstanding options to ensure that such grants are in accordance with the policies of any exchange on which the Ordinary Shares are then listed, and closely align the interests of the executive officers with the interests of shareholders.

Named Executive Officers

As at June 30, 2010, the Company had four Named Executive Officers: Mark Stowell, the Chairman and a director; David Frances, the Managing Director and Chief Executive Officer and a director; Jonathan Asquith, the Chief Financial Officer, Company Secretary and a director; and Glenn Zamudio, the Executive General Manager, Operations and a director. For purposes of National Instrument 51-102 *Continuous Disclosure Obligations*, "Named Executive Officer" means (i) the chief executive officer and chief financial officer (or individuals acting in a similar capacity), (ii) the three most highly compensated executive officers (or individuals acting in a similar capacity) in the most recently completed financial year (in each case with earnings of at least C\$150,000) other than the chief executive officer and the chief financial officer), and (iii) each individual who would have been considered a Named Executive Officer under item (ii) above but for the fact that they were neither an executive officer nor acting in a similar capacity at the end of that financial year.

Summary Compensation Table

The following table sets forth all annual and long term compensation for services in all capacities to the Company for the financial years ended June 30, 2010 and 2009 in respect of each Named Executive Officer.

Name and Principal Position	Year	Salary (A\$) ⁽¹⁾	Share-based Awards (A\$)	Option-based Awards (A\$) ⁽²⁾	Non-Equity Incentive Plan Compensation		Pension Value (A\$) ⁽³⁾	All Other Compensation (A\$) ⁽⁴⁾	Total Compensation (A\$)
					Annual Incentive Plans (A\$)	Long-term Incentive Plans (A\$)			
Mark Stowell Chairman and director	2010	113,646	77,339	Nil	Nil	Nil	5,368	1,166	197,519
	2009	68,303	Nil	19,125	Nil	Nil	4,082	1,654	93,164
David Frances Managing Director, CEO and director	2010	268,750	247,062	Nil	Nil	Nil	24,188	18,624	558,624
	2009	258,333	Nil	38,250	Nil	Nil	23,250	14,808	334,641
Jonathan Asquith CFO, Company Secretary and director	2010	124,609	84,370	Nil	Nil	Nil	3,214	7,435	219,628
	2009	31,500	Nil	5,100	Nil	Nil	Nil	1,654	38,254
Glenn Zamudio Executive General Manager, Operations and director	2010	215,000	162,201	Nil	Nil	Nil	19,350	13,165	409,716
	2009	147,500	Nil	25,500	Nil	Nil	13,275	11,069	197,344

Notes:

- (1) Included in Salary are amounts paid to related parties of the individual through which services were provided.
- (2) The value of the options has been calculated using the Black-Scholes model.
- (3) Comprised of statutory superannuation payments in accordance with Australian law.
- (4) Includes: (i) leave accrual; and (ii) the cost of directors' and officers' insurance which is split among the directors and reported as other compensation.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each Named Executive Officer, all awards outstanding as at June 30, 2010 under option-based and share-based incentive plans of the Company. All amounts are presented on a post-Consolidation basis.

Name	Option Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (A\$)	Option Expiration Date	Value of Unexercised in-the-money options (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Mark Stowell, ...	187,500	0.80	August 22, 2013	Nil		
Chairman and director	187,500	1.20	August 22, 2013	Nil		
	200,000	1.20	August 22, 2013	Nil		
	187,500	0.80	August 22, 2013	Nil	Nil	Nil
David Frances	250,000	0.80	August 22, 2013	Nil		
Managing Director,	250,000	1.20	August 22, 2013	Nil		
CEO and director	312,500	1.20	August 22, 2013	Nil		
	375,000	0.80	August 22, 2013	Nil	Nil	Nil
Jonathan Asquith.	25,000	0.80	August 22, 2013	Nil		
CFO, Company	25,000	1.20	August 22, 2013	Nil		
Secretary and director	50,000	1.20	August 22, 2013	Nil		
	50,000	0.80	August 22, 2013	Nil	Nil	Nil
Glenn Zamudio	50,000	0.80	August 22, 2013	Nil		
Executive General	250,000	1.20	August 22, 2013	Nil		
Manager, Operations	187,500	1.20	August 22, 2013	Nil		
and director	250,000	0.80	August 22, 2013	Nil	Nil	Nil

All of the above options vested on their grant date. There is currently no liquid market for the Ordinary Shares as the Ordinary Shares are not listed or quoted on any stock exchange or trading system. The market price as at June 30, 2010 for the purposes of this table was taken to be US\$0.15 per share (pre-Consolidation) based on private placements of Ordinary Shares undertaken by the Company at that value in June and July 2010. None of the options were in-the-money at June 30, 2010.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value of all incentive plan awards issued during the financial year ended June 30, 2010.

Name	Option-Based Awards — Value Vested During the Year (US\$)	Share-Based Awards — Value Vested During the Year (US\$)	Non-Equity Incentive Plan Compensation — Value Earned During the Year (US\$)
Mark Stowell, ...	Nil	71,500	Nil
Chairman and director			
David Frances Managing Director, ...	Nil	136,500	Nil
CEO and director			
Jonathan Asquith	Nil	78,000	Nil
CFO, Company Secretary and director			
Glenn Zamudio	Nil	104,000	Nil
Executive General Manager, Operations and director			

Security-Based Compensation Arrangements

Share Purchase Plan

The Company implemented an Employee Share Purchase Plan (the “**ESP Plan**”) in April 2010 under which it provides benefits to participants in the form of share-based payment transactions, whereby the participants render services in exchange for Ordinary Shares or rights to acquire Ordinary Shares. Shares or rights to acquire shares under the ESP Plan may, at the discretion of the Board of Directors, be issued to “eligible employees” from time to time upon such terms as the Board of Directors may determine, including but not limited to performance criteria and service continuity. Under the ESP Plan, an “eligible employee” means an employee of the Company or certain affiliates who at the date of grant is a permanent full-time or part-time employee of the Company or such an affiliate or a contractor or a sub-contractor determined by the Board of Directors to be included as an employee for purposes of the ESP Plan, and includes a director of the Company or an associate of a director.

The issue price for Ordinary Shares issued under the ESP Plan (the “**ESP Plan Shares**”) is determined by the Board of Directors at or before the date of grant. The ESP Plan does not limit the ability of the Company to issue shares under the ESP Plan for nominal consideration. The issue price for shares issued under the ESP Plan is payable in full by the participant on the date the shares are issued. However, the Board of Directors may, in its absolute discretion, determine to loan all or part of the issue price to the participant to enable them to purchase shares under the ESP Plan.

Under the ESP Plan, ESP Plan Shares are subject to transfer restrictions. In particular, subject to certain exceptions, a participant may not sell, transfer, assign, mortgage, charge or otherwise encumber any ESP Plan Shares to any party other than the Company until the later of: (i) the repayment of any loan provided by the Company for the purchase of the ESP Plan Shares; (ii) the expiry of any service continuity period specified by the Company at the time the ESP Plan Shares were issued; and (iii) the satisfaction of any performance criteria specified by the Company at the time the ESP Plan Shares were issued. The Board of Directors may, in its discretion, impose different time periods and criteria in relation to different persons or classes of persons regardless of whether any ESP Plan Shares are issued contemporaneously or consecutively or otherwise under the ESP Plan. The Board of Directors also has the discretion, acting reasonably, to determine whether any required time period or criteria has been satisfied in relation to any participant or to waive that period or criteria in relation to any participant.

The ESP Plan provides an exception to these transfer restrictions, which permit a participant to transfer 50% of any ESP Plan Shares during the period that is 13 to 18 months after the date on which the shares were issued. The remaining 50% of the ESP Plan Shares may be transferred following the expiration of 18 months from the date on which the shares were issued.

In the event that a participant ceases to be an employee of or consultant to, as the case may be, the Company or an affiliate during any service continuity period specified by the Company at the time any ESP Plan Shares were issued, or the participant fails to satisfy any performance criteria specified by the Board of Directors at the time any ESP Plan Shares were issued, then, subject to the requirements of the Corporations Act, as soon as reasonably practicable after the date of cessation of employment or failure to satisfy the criteria, as the case may be, and in any event within 12 months thereof, the Company will repurchase the applicable ESP Plan Shares at a price equal to their issue price. If the Company has provided a loan to the participant for the purchase of the applicable ESP Plan Shares, any proceeds from the repurchase of the shares by the Company will be applied against the loan.

Notwithstanding the restrictions on transfer under the ESP Plan, a holder of ESP Plan Shares may, subject to the Corporations Act, transfer their shares: (a) during the period of any take-over bid for the shares of the Company; (b) at any time after a change in control of the Company has occurred; or (c) on an application under the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In the event that a loan is made to a participant for the purchase of any ESP Plan Shares, the loan is governed by various loan provisions under the ESP Plan which provide as follows:

- Where the amount of the loan is less than the subscription price for the ESP Plan Shares, the loan is conditional upon the borrower paying to the Company an amount equal to the difference between the amount of the loan and the aggregate subscription price of the shares.
- The borrower must repay the loan, and interest thereon, if any, which will vary from time to time as determined by the Board of Directors, by way of installments, including out of any dividends paid by the Company.
- The Board of Directors may, in its absolute discretion, require the borrower to repay the loan in certain events or by a certain date. ESP Plan Shares will become free and unencumbered provided that the loan is repaid on the earlier of: (i) 5 years from the date of allotment of the ESP Plan Shares; (ii) the participant ceases to be employed

by the Company other than by death; (iii) the Board of Directors recommends acceptance of any takeover offer; or (iv) the Company buys back the ESP Plan Shares.

- If a borrower ceases to be an employee of or a consultant to the Company because of death or fails to pay any installment of a loan for a period of 30 days after receiving a default notice, then the loan becomes due and payable by the borrower to the Company within one month, subject to an extension of up to one month at the discretion of the Board of Directors.
- Loans are of limited recourse. Where a borrower ceases to be an employee or a consultant to the Company or the Company buys back the ESP Plan Shares and their value is upon the date of cessation or purchase less than the outstanding loan owed by the borrower, the maximum liability in respect of the loan will be the value of the ESP Plan Shares acquired. In that event, the borrower authorises the sale of the ESP Plan Shares and the proceeds will be applied in full to satisfaction of the loan. The Company will have no other recourse against the borrower in respect of any amount outstanding under the loan and the loan shall be deemed repaid in full.
- If ESP Plan Shares are disposed of and the net proceeds exceed the amount outstanding on the loan, the Company will remit the excess funds (net of costs) to the borrower.
- The Board of Directors may determine in its discretion that a loan will be secured by a charge granted in respect of any ESP Plan Shares. The ESP Plan Shares may be released from the charge from time to time having regard to the value of the shares and the extent to which the borrower may have repaid the outstanding amount owing on the loan during the term.
- Borrowers are entitled to exercise any voting rights attached to ESP Plan Shares as they see fit.
- The Board of Directors may at its discretion and acting reasonably determine either to treat the disposal of a group company in which the relevant participant is employed (or the shares in an associated body corporate by which he is employed or acts as a director) as a resignation by the relevant participant. Alternatively, the Company may, notwithstanding the termination of the employment or directorship of the relevant participant with the group company, allow the borrower a minimum period of 3 months and a maximum period of 6 months for the sole purpose to sell the ESP Plan Shares for a minimum sale price equal to the issue price. If at the end of the 6 month period, the borrower has not sold the relevant shares, the Company will buy them back in accordance with the rules of the ESP Plan.

In April 2010, the Company issued a total of 1,675,000 ESP Plan Shares (6,700,000 shares on a pre-Consolidation basis) under the ESP Plan to certain directors and executive officers of the Company at a price of US\$0.60 per share (US\$0.15 per share on a pre-Consolidation basis). In connection with the issuance of these ESP Plan Shares, the Company made interest free loans to each of the participants to enable them to acquire the shares totalling US\$1,005,000. The details of the ESP Plan Shares issued and the related loans made are set out in the following table.

<u>Participant</u>	<u>Number of Shares</u>	<u>Loan Value (\$US)</u>
Mark Stowell	1,100,000	\$ 165,000
Anthony Lloyd	700,000	\$ 105,000
David Frances	2,100,000	\$ 315,000
Glenn Zamudio	1,600,000	\$ 240,000
Jonathan Asquith	1,200,000	\$ 180,000
Total	6,700,000	\$1,005,000

The Company does not intend to issue any additional shares or rights to acquire shares under the ESP Plan. In connection with its contemplated TSX listing, the Company expects to make certain amendments to the ESP Plan to incorporate certain TSX requirements regarding security-based compensation arrangements into the ESP Plan.

Employee Share Bonus Plan

The Company intends to adopt a share bonus plan for employees (the “**Bonus Plan**”) that reserves for issuance, pursuant to its terms, up to 3% of the number of Ordinary Shares issued or issuable and outstanding from time to time. The purpose of the Bonus Plan is to attract, retain and motivate employees by providing them with the opportunity, through earning bonuses in the form of Ordinary Shares, to acquire a proprietary interest in the Company and to benefit from its growth.

Under the Bonus Plan, upon achieving satisfactory performance including meeting any specified key performance indicators, an employee may be awarded a bonus of up to 20% of the employee’s annual salary paid in the form of Ordinary Shares based on the market price of the shares at the time of payment determined by reference to the average market price of the Ordinary Shares in the five day period preceding the date of grant. Awards will be granted based upon recommendations of the Board of Directors or the Remuneration Committee.

Shares issued under the Bonus Plan (the “**Bonus Plan Shares**”) will be subject to transfer restrictions under the Bonus Plan. In particular, 50% of any Bonus Plan Shares awarded will be subject to transfer restrictions for a period of one year, while the remaining 50% will be subject to transfer restrictions for a period of 18 months.

In the event that the employment of a participant is terminated for any reason, all Bonus Plan Shares that remain subject to transfer restrictions at the time of termination will be cancelled.

The Bonus Plan will comply with TSX requirements regarding security-based compensation arrangements.

Stock Option Plan

In connection with its intended listing on the TSX, the Company plans to adopt on or before the closing of the Offering an option plan (the “**Option Plan**”) that reserves for issuance, pursuant to its terms, up to 5% of the number of Ordinary Shares issued or issuable and outstanding from time to time. The purpose of the Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. The Board of Directors believes that the Option Plan will align the interests of management, including the Named Executive Officers, with the interests of shareholders, thereby creating a strong link between executive compensation and the long term corporate performance of the Company and the creation of value for the Company’s shareholders.

Under the Option Plan, options may be granted only to directors, officers, employees and consultants of the Company or to their permitted assigns, subject to applicable securities laws and the policies of the TSX. Options will be granted based upon recommendations of the Board of Directors or the Remuneration Committee.

Upon exercise in accordance with the terms thereof, subject to adjustment in certain circumstances, each option will entitle the holder thereof to acquire one Ordinary Share. The exercise price of options issued is to be determined by the Board of Directors but shall not be lower than the average market price in the five day period preceding the date of grant. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. Each award shall vest according to the vesting schedule determined at the date of grant by the Board of Directors or the Remuneration Committee.

Options may not be transferred or charged (and any purported transfer or charge will cause the option to lapse forthwith) except, subject to applicable securities laws and the policies of the TSX, (i) on death where the personal representatives of an option holder shall be entitled to exercise the options to the extent that they had vested at the date of death prior to the first anniversary of the death of the holder or (ii) with the express approval of the Board of Directors and whereby if such assignment is to a family member such approval shall not be unreasonably withheld.

Options may be granted for a term not exceeding ten years. Options whether vested or not will otherwise lapse on the expiry date determined at the date of grant by the Board of Directors or the Remuneration Committee. If an option holder ceases to be a director, officer, employee and other service provider prior to the vesting of any option, such option shall also lapse save that, at its sole discretion, the Board of Directors may determine that such options have not lapsed and shall vest and be exercised within such period as it may determine.

The Option Plan will comply with TSX requirements regarding security-based compensation arrangements.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement. The Company may at any time as part of its compensation arrangements with any individual elect to pay part of that individual’s compensation directly into a personal pension plan operated by that individual. The Company does make payments in respect of statutory superannuation (pension) contributions which are a percentage of base salary as required under the *Superannuation Guarantee (Administration) Act 1992* (Commonwealth of Australia).

Employment Arrangements and Termination and Change of Control Benefits

The Company has entered into employment agreements with David Frances, Jonathan Asquith and Glenn Zamudio which provide for termination payments of two years’ total salary for Mr. Frances and one year’s salary for each of Messrs. Zamudio and Asquith in the event of a termination of employment due to a corporate takeover or merger. Based on the current annual compensation payable to each of Messrs. Frances, Asquith and Zamudio, the amount of such payments would be equal to A\$599,500, A\$196,200 and A\$239,800, respectively.

NON-EXECUTIVE DIRECTORS COMPENSATION

The Company compensates its non-executive directors, in their capacities as such, through the payment of directors fees, through the grant of incentive stock options and through shares or rights to acquire shares issued pursuant to the ESP Plan. In addition, the Company pays the transportation and lodging costs for directors to attend meetings of the Board of Directors and any board committees.

Summary Compensation Table

The following table sets forth all compensation paid, awarded or earned by the non-executive directors of the Company during the financial year ended June 30, 2010.

<u>Name⁽¹⁾</u>	<u>Fees Earned (A\$)</u>	<u>Share- Based Awards (A\$)</u>	<u>Option- Based Awards (A\$)</u>	<u>Non-Equity Incentive Plan Compensation (A\$)</u>	<u>Pension Value (A\$)</u>	<u>All Other Compensation (A\$)</u>	<u>Total (A\$)</u>
Anthony Lloyd	37,917	Nil	54,732	Nil	Nil	1,166	93,815
Michael Lawlor ⁽²⁾	8,055	Nil	Nil	Nil	Nil	1,166	9,221
Louis Rozman	20,329	Nil	Nil	Nil	Nil	1,166	21,495

Notes:

- (1) The compensation for those directors who are also Named Executive Officers, being Messrs. Stowell, Frances, Asquith and Zamudio, is fully reflected in the "Summary Compensation Table" in the "Executive Compensation" section above.
- (2) Mr. Lawlor became a director in April 2010.

Narrative Discussion

During the most recently completed financial year, each non-executive director received fees for services rendered during that year as shown in the above table. Directors are also reimbursed for all reasonable expenses incurred in their capacity as directors. Generally, if the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable remuneration for those services. Other than those described above, there are no other arrangements under which directors were compensated for their services as directors or as consultants or experts during the Company's most recently completed financial year.

The Board of Directors seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, at a reasonable cost to the Company. Non-executive directors' fees are also determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. This amount is separate from any specific tasks that the directors may take on for the Company. The current aggregate fee pool limit approved by shareholders is A\$400,000.

Non-executive directors are also awarded security-based compensation, including stock options and shares or rights to acquire shares under the ESP Plan. The issue of security-based compensation to non-executive directors is considered an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

The Remuneration Committee and the Board of Directors reviews the remuneration packages for the non-executive directors on an annual basis. The Board of Directors considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each non-executive director, all awards outstanding as at June 30, 2010 under option-based and share-based incentive plans of the Company. All amounts are presented on a post-Consolidation basis.

Name ⁽¹⁾	Option Based Award				Share-Based Award	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money options (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Anthony Lloyd	62,500	A\$1.20	August 22, 2013	Nil	Nil	Nil
	62,500	A\$1.20	August 22, 2013			
	100,000	A\$0.80	August 22, 2013			
Michael Lawlor ⁽²⁾	Nil	N/A	N/A	N/A	Nil	Nil
Louis Rozman	Nil	N/A	N/A	N/A	Nil	Nil

Notes:

- (1) The compensation for those directors who are also Named Executive Officers, being Messrs. Stowell, Frances, Asquith and Zamudio, is fully reflected in the “Summary Compensation Table” in the “Executive Compensation” section above.
- (2) Mr. Lawlor became a director in April 2010.

All of the above options vested on their grant date. There is currently no liquid market for the Ordinary Shares as the Ordinary Shares are not listed or quoted on any stock exchange or trading system. The market price as at June 30, 2010 for the purposes of this table was taken to be US\$0.15 per share (pre-Consolidation) based on private placements of Ordinary Shares undertaken by the Company at that value in June and July 2010. None of the options were in-the-money at June 30, 2010.

Incentive Plan Awards — Value Vested or Earned During the Year

No options were granted as remuneration or vested in the 12 month period to June 30, 2010.

AUDIT COMMITTEE

Audit Committee Charter

The full text of the charter of the Company’s Audit Committee is attached to this prospectus as Appendix “A”.

Composition of the Audit Committee

The Audit Committee is comprised of Messrs. Lloyd (Chair), Lawlor and Stowell. Messrs. Lloyd and Lawlor are each considered to be independent within the meaning of National Instrument 52-110 — *Audit Committees*. Mr. Stowell is not considered to be independent as a result of the amount of compensatory fees he has received from the Company during the last three years. All of the members of the Audit Committee are financially literate in that they have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues as can be reasonably expected to be raised by the Company’s financial statements.

Relevant Education and Experience

The education and experience of each of Messrs. Lloyd, Lawlor and Stowell that is relevant to the performance of his responsibilities as an Audit Committee member is set out below.

Mr. Lloyd holds, among other degrees and designations, an MBA and has over 35 years of experience in corporate finance and private equity financing both as a principal and advisor in a broad range of public and private market transactions. Since June 2005, he has been President of Rivenhall Capital Limited, a private financial advisory firm. He has been a corporate director since 2001 and a board member of a number of public and private companies.

Mr. Lawlor holds, among other degrees and designations, qualifications in Mineral Economics and Project Management and has twenty five years of experience as a mining engineer, including divisional management positions for Anvil Mining Ltd. and Snowdon Mining Industry Consultants.

Mr. Stowell is a chartered accountant and a member of the Institute of Chartered Accountants in Australia. He has been involved in the public company corporate sector for over 20 years, formerly as a manager in the corporate division of an international accounting firm and subsequently in the establishment and management of a number of successful ventures as principal.

Pre-Approval Policies and Procedures for Non-Audit Services

The Audit Committee is responsible for pre-approving all non-audit services to be provided by the external auditor to the Company. Furthermore, the Audit Committee is required to evaluate the independence and objectivity of the Company's external auditors. The Audit Committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties and responsibilities.

External Auditor Service Fees

The following table provides details in respect of audit, audit related, tax and other fees invoiced by the Company's external auditors, Stantons International Audit and Consulting Pty Ltd. (formerly Stantons International Pty Ltd.):

<u>Year Ended June 30</u>	<u>Audit Fees</u>	<u>Audit-Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
2010.	A\$66,500	Nil	Nil	A\$65,550
2009.	A\$40,150	Nil	Nil	Nil

Audit fees were paid for professional services rendered by Stantons International Audit and Consulting Pty Ltd. (formerly Stantons International Pty Ltd.) for the audit of the Company's annual financial statements.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors of the Company, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. National Policy 58-201 — *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 — *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which disclosure is set out below.

The Board of Directors is responsible for developing the Company's approach to corporate governance issues, and is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision-making. Historically, the Board of Directors has applied the best practices of the ASX Corporate Governance Council. In connection with the Offering and the Company's contemplated listing on the TSX, the Board of Directors has taken steps to implement the guidelines in National Policy 58-201 — *Corporate Governance Guidelines* into the Company's corporate governance practices. Where there has been any variation from the recommendations, it is because the Board of Directors believes that the Company is not yet of a size, nor are its operational and financial affairs of such complexity, to justify some of those recommendations and as such those practices continue to be the subject of the scrutiny of the full Board of Directors.

Board of Directors

The Board of Directors is composed of seven directors being Messrs. Stowell, Lloyd, Frances, Asquith, Zamudio, Lawlor and Rozman. Of these directors, Messrs. Lloyd, Lawlor and Rozman are considered to be independent. Mr. Frances is not considered to be independent by virtue of his position as the Managing Director and Chief Executive Officer of the Company. Mr. Asquith is not considered to be independent by virtue of his position as the Chief Financial Officer and Company Secretary of the Company. Mr. Zamudio is not considered to be independent by virtue of his position as the Executive General Manager, Operations of the Company. Mr. Stowell is not considered to be independent as a result of the amount of compensatory fees he has received from the Company during the last three years.

The Board of Directors is responsible for the stewardship of the Company through consultation with management of the Company. Any responsibility that is not delegated to management or to the committees of the Board of Directors remains with the Board of Directors, subject to the rights and powers of the shareholders under applicable corporate and securities laws. The frequency of meetings of the Board of Directors, as well as the nature of agenda items, varies

depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces from time to time. Members of the Board of Directors are in frequent contact with one another and meetings of the Board of Directors are held as deemed necessary.

Directorships

Certain directors of Mawson are directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions, as set out below:

<u>Director</u>	<u>Name of Issuer</u>
Mark Stowell	Orrex Ltd., Incremental Oil and Gas Limited and Kula Gold Limited
David Frances	Orrex Ltd.
Anthony Lloyd	PC Gold Inc. and North Atlantic Resources Ltd.
Louis Rozman	Kula Gold Limited, Carbon Energy Ltd. and Pacific Energy Ltd.

Board Mandate

The Board of Directors has adopted a written mandate that acknowledges its responsibility for the stewardship of the business and affairs of the Company. The Board of Directors shall review and assess the adequacy of the board mandate at least annually or otherwise, as it deems appropriate, and make any necessary changes. A copy of the mandate of the Board of Directors is attached to this prospectus as Appendix "B".

Position Descriptions

The Board of Directors is responsible for: (a) developing position responsibilities for the Chairman of the board, the chair of each Board of Directors committee and, together with the CEO, the CEO (which will include delineating management's responsibilities); (b) developing and approving the corporate goals and objectives that the CEO is responsible for meeting; and (c) developing the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board of Directors meetings and advance review of meeting materials. The Board of Directors has not yet developed written position descriptions but it intends to do so as its corporate governance practices develop.

Orientation and Continuing Education

The Board of Directors is responsible for: (a) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board of Directors and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Company's business; and (b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current. At present, new directors do not participate in a formal orientation regarding the role of the board, its committees and its directors, and the nature and operations of the business of Mawson. However, orientation and education activities are undertaken on an *ad hoc* basis for existing board members including meeting with the Company's management, external legal counsel and auditors, and other external consultants as is appropriate or desirable from time to time by the directors. The Company is of the view that these orientation and education activities are appropriate given the nature and scope of the Company's business activities.

Ethical Business Conduct

In fulfilling its mandate and approving various decisions put forth by management, the Board of Directors ensures that the measures management takes comply with Canadian securities regulations and other applicable legislation. Members of the Board of Directors are also keenly aware of their fiduciary role with the Company as well as their individual fiduciary duties in their role as directors. In exercising their powers and discharging their duties, the Board of Directors is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In accordance with the provisions of applicable corporate law, the directors ensure that any director or executive officer who has a material interest in proposed transactions or agreements involving the Company disclose such interest prior to consideration of the relevant matter by the directors and abstain from voting on approval of such transactions as appropriate.

Committees of the Board of Directors

The Board of Directors has established two board committees: an Audit Committee and a Remuneration Committee.

Audit Committee

Details regarding the Audit Committee are set out under “Audit Committee” above.

Remuneration Committee

The Company has a Remuneration Committee currently comprised of Messrs. Stowell (Chair), Lloyd and Rozman. Messrs. Lloyd and Rozman are independent directors. Mr. Stowell is not considered to be independent as a result of the amount of compensatory fees he has received from the Company during the last three years. The Remuneration Committee is responsible for determining the compensation of management and the directors, including that of the Managing Director and Chief Executive Officer. The Remuneration Committee determines the level of compensation the Managing Director and Chief Executive Officer is to receive on an annual basis and relies on the Company’s economic performance and the responsibilities and risks involved in being an effective Managing Director and Chief Executive Officer of an exploration, development, and production resource company. The Remuneration Committee considers the Managing Director and Chief Executive Officer’s current compensation to adequately cover such responsibilities and risks.

All compensation arrangements for management and directors are determined by the Remuneration Committee and approved by the Board of Directors, after taking into account the current competitive rates prevailing in the market. The Board of Directors can exercise its discretion in relation to approving incentives, bonuses and options and can make changes to the Remuneration Committee’s recommendations. Compensation packages comprise base salary and may include superannuation, fringe benefits and performance incentives. Executives and staff, if invited by the Board of Directors, may be offered participate in the Company’s security-based compensation arrangements. These packages are reviewed on an ongoing basis and, in many cases, are reviewed against predetermined performance criteria.

All remuneration paid to executives is valued at the cost to the Company and is measured in accordance with applicable accounting standards. Options are valued using the Black-Scholes methodology.

There are no schemes for retirement benefits other than statutory superannuation for independent directors.

The Board of Directors expects that the Company’s compensation structure will result in the Company being able to attract and retain the best executives to manage the Company. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value.

Assessments

The Remuneration Committee is responsible for assessing the effectiveness and contributions of the Board of Directors as a whole, its committees and individual directors. Periodically at meetings of the Remuneration Committee, the committee undertakes this assessment, although no formal report in this regard has been prepared to date.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company has retained the Agents to act as its agents to offer for sale to the public in each of the provinces of Canada except Québec, on a reasonable best efforts basis in accordance with the terms of the Agency Agreement, subject to prior sale, if, as and when issued by the Company, ● Shares at the Offering Price of \$ ● per Share for gross proceeds of \$ ●. The Offering Price was determined by negotiation between the Company and Cormark.

The Company has granted the Agents the Over-Allotment Option, exercisable in whole or in part at the sole discretion of the Agents at any time and from time to time for a period of 30 days from the closing of the Offering, to purchase or arrange to purchase up to an additional ● Ordinary Shares at the Offering Price, solely to cover over-allotments, if any, and for market stabilization purposes. The Company will pay to the Agents the Commission equal to 6% of the proceeds realized on the exercise of the Over-Allotment Option. The proceeds from the sale of Ordinary Shares pursuant to the exercise of the Over-Allotment Option, less the Commission and the expenses related to the sale of Ordinary Shares pursuant to the exercise of the Over-Allotment Option, will be released to the Company on closing of the exercise of the Over-Allotment Option. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Ordinary Shares of the Company issuable upon the exercise of the Over-Allotment Option. A purchaser that acquires Ordinary Shares forming part of the Over-Allotment Option acquires those Ordinary Shares under this prospectus regardless of whether the Agents’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Agents exercise the Over-Allotment Option in full, the

total Price to the Public, Agents' Fee and Net Proceeds to the Company will be \$ ● , \$ ● and \$ ● , respectively.

The Agents have agreed to use their reasonable best efforts to secure subscriptions for the Shares offered hereunder on behalf of the Company, but are not obligated to buy any Shares that are not sold. The obligations of the Agents under the Agency Agreement may be terminated at the discretion of the Agents and the Agents may withdraw subscriptions for Shares on behalf of subscribers on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events, including any material adverse change in the business or financial condition of the Company.

The Agents may offer selling group participation to other registered dealers, with compensation to be negotiated between the Agents and such selling group participants, but at no additional cost to the Company.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agents the Commission equal to 6% of the gross proceeds of the Offering.

Subscriptions for Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about ● 2011 or such other date as the Company and Cormark may agree, but no later than ● , 2011. The Shares are to be taken up by the Agents, if at all, on or before a date not later than 90 days after the date of the receipt for the final prospectus. Except in limited circumstances, one or more book entry-only certificates representing the Shares will be issued in registered form to CDS, or its nominee, and deposited with CDS on the Closing Date. A purchaser of Shares will receive only a customer confirmation from the registered dealer through which the Shares are purchased.

Pursuant to policy statements of certain securities commissions and the Universal Market Integrity Rules, the Agents may not, throughout the period of distribution, bid for or purchase Ordinary Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Ordinary Shares. These include certain exceptions for market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution or was unsolicited. In accordance with the aforementioned exceptions, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Ordinary Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Agents have agreed that they will not offer, sell or deliver the Ordinary Shares within the United States to substituted purchasers except in accordance with Rule 144A under of the U.S. Securities Act and in compliance with applicable state securities laws. The Ordinary Shares may also be offered by the Agents and sold within the United States by the Company through the Agents in accordance with Rule 506 of Regulation D under the U.S. Securities Act and in compliance with applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Ordinary Shares in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of Ordinary Shares within the United States by any dealer or agent (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. Except as disclosed in this prospectus, the Company has not made nor will it make any payments in cash, securities or other consideration to a promoter, finder or any other person or company in connection with this Offering. The directors, officers and other insiders of the Company may participate in this Offering.

The Company has agreed that it will not issue or announce the issuance of any Ordinary Shares or any securities convertible into or exchangeable for or exercisable to acquire Ordinary Shares for a period ending on the date that is 120 days following the Closing Date, without the prior written consent of Cormark, such consent not to be unreasonably withheld, other than: (A) pursuant to the Offering or the exercise of the Subscription Receipts; (B) pursuant to the grant or exercise of stock options based on the existing share incentive plans of the Company; or (C) pursuant to the exercise of outstanding convertible securities, warrants or options.

The directors, officers and certain principal shareholders of the Company have agreed that they will not, for a period ending on the date that is 120 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or

publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Ordinary Shares or other securities of the Company held by them, directly or indirectly, unless: (A) the directors and officers of the Company first obtain the prior written consent of the Agent, which consent will not be unreasonably withheld or delayed; (B) there occurs a take-over bid or similar transaction involving a change of control of the Company; or (C) for tax planning purposes, to a family member, personal holding company, family trust or registered retirement plan.

Under the terms of the Agency Agreement, the Company has agreed to indemnify the Agents, their affiliates and their respective directors, officers, employees and agents against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances, or to contribute to payments the Agents may be required to make because of such liabilities.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Wildeboer Dellelce LLP, counsel to the Company, and Heenan Blaikie, LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Ordinary Shares by purchasers who acquire Shares under the Offering (the **“Holders”**). This summary is applicable to a Holder who, for purposes of the Tax Act, is resident or deemed to be resident in Canada, holds the Shares as capital property, and deals at arm’s length and is not affiliated with the Company. The Shares will generally be considered capital property to a Holder unless either the Holder holds such Shares in the course of carrying on a business of buying and selling securities or the Holder has acquired the Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) an interest in which would be a “tax shelter investment” (as defined in the Tax Act); (iv) in respect of whom the Company is a “foreign affiliate” (as defined in the Tax Act); or (v) that has elected to report its Canadian tax results in a functional currency (which excludes Canadian dollars). **Such Holders should consult their own tax advisors.**

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the **“Regulations”**) in force as of the date hereof, all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the **“Proposed Amendments”**) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the **“CRA”**) published by the CRA. This summary assumes the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, government or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations. The income tax and other tax consequences of acquiring, holding and disposing of Shares will vary according to the status of the Holder and, generally, the Holder’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular Holder. Prospective Holders should consult their own tax advisors with respect to their particular circumstances.

Exchange Rate

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Ordinary Shares (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Tax Act.

Dividends on Ordinary Shares

The full amount of dividends received or deemed to be received by a Holder on Ordinary Shares, including amounts deducted for foreign withholding tax, if any, will be included in computing the Holder’s income. For an individual (including a trust) the gross-up and dividend tax credit rules in the Tax Act will not apply to such dividends. A Holder that

is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income. A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% in respect of its “aggregate investment income” for the year, which will include such dividends. Australian tax, if any, payable by a Holder in respect of dividends received on Ordinary Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Prospective Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Dispositions of Ordinary Shares

In general, a disposition or a deemed disposition of an Ordinary Share will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Ordinary Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder of the Ordinary Share immediately before the disposition. See “Tax Treatment of Capital Gains and Capital Losses” below.

Tax Treatment of Capital Gains and Capital Losses

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Holder in the year and allowable capital losses in excess of taxable capital gains can be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in such years. Capital gains realized by an individual (other than certain specified trusts) will be relevant in computing possible liability for the alternative minimum tax. Australian tax, if any, levied on any gain realized on the disposition of Ordinary Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Prospective Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6⅔% of its “aggregate investment income” for the year (which is defined in the Tax Act to include taxable capital gains).

Foreign Property Information Reporting

A Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total cost amount of “specified foreign property” (as defined in the Tax Act), including Ordinary Shares, at any time in the year or fiscal period exceeds C\$100,000 will be required to file an information return for the year or period disclosing prescribed information. Subject to certain exceptions, a Holder will generally be a specified Canadian entity. In the March 4, 2010 Federal Budget (the “**2010 Federal Budget**”), the Minister of Finance (Canada) proposed that the existing reporting requirements with respect to “specified foreign property” be expanded so that more detailed information is available for audit use. Revised legislation reflecting such proposal has not yet been released. Holders should consult their own tax advisors regarding these rules, including any expansion thereof pursuant to the 2010 Federal Budget.

Offshore Investment Fund Property

The Tax Act contains rules which, in certain circumstances, may require a Holder to include an amount in income in each taxation year in respect of the acquisition and holding of an Ordinary Share. These rules apply to a Holder if both of two conditions are satisfied.

The first condition for such rules to apply is that the value of the Ordinary Share may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in certain specified assets.

The second condition for such rules to apply is that it must be reasonable to conclude that one of the main reasons for the Holder acquiring or holding an Ordinary Share was to derive a benefit from portfolio investments in such specified assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by the Holder. Where these rules apply, a Holder generally will be required to include in income for each taxation year in which the Holder owns an Ordinary Share of the amount, if any, by which: (i) an imputed return for

the taxation year computed on a monthly basis and calculated as the product obtained when the Holder's "designated cost" (as defined in the Tax Act) of the Ordinary Share at the end of the month, is multiplied by 1/12th of the applicable prescribed rate for the period that includes such month, exceeds; (ii) any dividends or other amounts included in computing the Holder's income for the year (other than a capital gain) in respect of the Ordinary Share determined without reference to these rules. Any amount required to be included in computing a Holder's income under these provisions will be added to the adjusted cost base to the Holder of its Ordinary Shares.

For these purposes, the designated cost to a Holder of Ordinary Shares at any particular time in a taxation year will generally include, among other things, the initial cost of acquisition of the Ordinary Shares to the Holder and the total of all amounts required to be included in computing the Holder's income as imputed income in respect of an Ordinary Share under these rules for a preceding taxation year.

In the 2010 Federal Budget, the Minister of Finance (Canada) announced that certain prior Tax Proposals relating to the taxation of Canadian residents investing in certain "foreign investment entities" will not be implemented. The Minister of Finance (Canada) also announced a revised proposal to amend the existing "offshore investment fund property" rules (described above) to increase the applicable prescribed rate. In addition, the Minister of Finance (Canada) indicated that revised legislation implementing the new proposal will be released for public consultation.

These rules are complex and their application depends, to a large extent, on the reasons for a Holder acquiring or holding Shares. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules, including any changes thereto reflecting the 2010 Federal Budget, in their own particular circumstances.

CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS

In the opinion of Calder Roth & Co., Chartered Accountants, Australian tax advisors to the Company, the following summary, as of the date of this prospectus, is a summary of the principal Australian federal income tax considerations generally applicable under Australian tax laws and practices ("**Australian Tax Laws**") to a holder of Ordinary Shares who acquires Shares under the Offering and who, for purposes of the Australian Tax Laws and at all relevant times, holds the Shares on capital account and who deals at arm's length with, and is not affiliated with, either the Company or the Agents. This summary does not address issues for holders of Shares who hold these interests on revenue account and these shareholders should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon Calder Roth & Co.'s understanding of the Australian Tax Laws in force as of the date of this prospectus. Any changes in the laws or interpretation of tax laws subsequent to the date of this prospectus may alter the information below.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective holder of Shares, and no representations with respect to the income tax consequences to any prospective holder are made. Consequently, prospective holders of Shares should consult their own tax advisors with respect to their particular circumstances.

Taxation of Holders Resident in Canada

This portion of the summary is applicable to holders of Shares who, for the purpose of the Australian Tax Laws and at all relevant times, are, and are deemed to be, resident in Canada and are not "dual residents" of Canada and Australia and will not hold their Shares through Australian business operations.

Withholding Tax

Fully franked dividends paid by a company resident in Australia to non-resident shareholders are not subject to withholding tax.

Dividends sourced from outside Australia which are not franked will not be subject to withholding tax where they are classified as conduit foreign income. Dividends received by the Company in Australia from its overseas subsidiaries are likely to qualify as "conduit foreign income". Other unfranked dividends paid to non-resident shareholders are in the first instance subject to a 30% dividend withholding tax. This rate is reduced to 15% for tax residents of Canada pursuant to the provisions of the Australia — Canada Income Tax Convention (1980) (the "**Australian/Canadian Double Tax Agreement**").

Where withholding tax applies the Company will be required to deduct the appropriate amount of withholding tax prior to making a dividend payment.

Disposal of Ordinary Shares

The provisions of the Australian Tax Law are consistent with the provisions of the Australian/Canadian Double Tax Agreement regarding the disposal of securities by Canadian residents. This means that, if satisfied, the provisions of the Australian Tax Law will apply to tax gains on the disposal of shares by Canadian residents.

The Australian Tax Laws provide that if 50% or more of the Company's assets are attributable to real property located in Australia, Canadian holders of Shares who hold at least a 10% direct or indirect interest in the Company may be subject to Australian capital gains tax upon disposal of shares in the Company.

Non-Australian resident shareholders are advised to seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of shares in the Company.

Taxation of Holders Resident in Australia

This portion of the summary applies to holders of Shares who, for the purpose of Australian Tax Laws and at all relevant times, are, and are deemed to be, resident in Australia.

Dividends on Ordinary Shares

Broadly, dividends paid on the Shares may be "franked" or "unfranked". Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is "unfranked" no franking credits are attached.

Australian resident shareholders will include dividends together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit and tax offset, the shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply to an individual whose tax offset entitlement does not exceed A\$5,000 in respect of all dividends received during the income year in which the dividend is paid.

Individual shareholders and complying superannuation funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the shareholder is a corporate entity, the shareholder will not be entitled to a refund for any franking credits that exceed their tax liability for the income year but may be entitled to a tax loss in exchange for the excess franking credits and this loss can be carried forward to be offset against taxable income in a later year. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked, except excess credits exchanged for losses.

Disposal of Ordinary Shares

Australian resident shareholders who hold their Shares on capital account will be taxed under the Australian capital gains tax provisions.

An Australian resident shareholder will derive a capital gain where the proceeds received on disposal exceed the cost base of the Share. Any net capital gain (after recoupment of capital losses) is included in the shareholder's assessable income.

Similarly, a shareholder will incur a capital loss on the disposal of a Share where the disposal proceeds received are less than the reduced cost base of the Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains.

A capital gains tax discount may apply to reduce the amount of net capital gains that might otherwise be included in a shareholder's assessable income.

For shareholders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% capital gains tax discount is available if the shares are held for at least 12 months. This concession will result in only 50% of the capital gain (after recoupment of capital losses) being assessable, though the position may be affected by the rights and tax status of its beneficiaries.

For complying superannuation funds a 33.33% capital gains discount is available if the Shares are held for at least 12 months. This concession will result in only 66.67% of the capital gain (after recoupment of capital losses) being assessable.

RISK FACTORS

The Company and the Ordinary Shares should be considered a speculative investment due to the nature of Mawson's business and the present stage of its development. A prospective investor should carefully consider all of the information disclosed in this prospectus prior to making an investment in the Company. In addition to the other information presented in this prospectus, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

Mining

The Dikulushi Mine and the Kapulo Project account for all of the Company's mineral resources and reserves and the potential for the future generation of revenue. Any adverse development affecting the progress of the Dikulushi Mine and/or the Kapulo Project such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Company's financial performance and results of operations.

The development of the Kapulo Project into a commercially viable mine cannot be assured.

Development projects such as the Kapulo Project have no operating history upon which to base estimates of future commercial viability. Estimates of mineral resources and mineral reserves are, to a large extent, based on the interpretation of geological data obtained from drillholes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and grades of copper to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that estimated and such difference could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. There can be no assurance that the Company will be able to complete development of its mineral projects, or any of them, at all or on time or to budget due to, among other things, and in addition to those factors described above, changes in the economics of the mineral projects, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support Mawson's operations. Should any of these events occur, it would have a material adverse effect on Mawson's business, financial condition, results of operations and prospects.

Base metal exploration projects may not be successful and are highly speculative in nature.

The exploration for and development of base metals involves significant risks which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a base metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a base metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of base metals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of base metal deposits will result in discoveries of commercial quantities of such metals.

Mining operations generally involve a high degree of risk.

Mining operations are subject to all the hazards and risks normally encountered in the exploration for and development and production of precious metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, variations in grade, deposit size, density and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, and adverse weather conditions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Should any of these risks and hazards affect any of Mawson's proposed

mining operations, it may cause the cost of production to increase to a point where it would no longer be economic to produce copper from the Company's mineral reserves, which would have a material adverse effect on the financial condition, results of operation, and cash flows of the Company.

Copper price volatility may affect the future production, profitability, financial position and financial condition of Mawson.

The development and success of the Dikulushi Mine and the Kapulo Project will be primarily dependent on the future price of copper. Copper prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major copper-producing countries throughout the world. The price of copper and other base and precious metals has fluctuated widely in recent years, and future serious price declines could cause continued development of, and commercial production from, the Company's properties to be impracticable or uneconomic. Depending on the price of copper and other base metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on copper prices that are adequate to make these properties economically viable.

Furthermore, reserve calculations and life-of-mine plans using significantly lower copper prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. In addition to adversely affecting the Company's mineral reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Mawson's mineral resources and reserves are estimates only.

There is no certainty that the mineral resources, or any future mineral reserve, attributable to Mawson will be realized. Until mineral reserves or mineral resources are actually mined and processed, the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices and currency exchange rates. Any material change in the quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that copper recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Also, a reduction in estimated reserves could require material write-downs in investment in the affected mining property and increased amortization, reclamation and closure changes.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

Mawson conducts mining, development and exploration activities in the DRC. Mawson's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. Some of these risks are more prevalent in countries that are less developed or have emerging economies, such as the DRC. Due to the fact that the DRC is a developing nation, with poor physical and institutional infrastructure, the Company's operations are subject to various increased economic, political and other risks. The occurrence of one or more of these risks could have a material and adverse effect on Mawson's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on Mawson's future cash flows, earnings, results of operations and financial condition.

Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations, challenges to or reviews of the Company's legal and contractual rights, corruption, foreign taxation, changing tax and

royalty regimes, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on copper exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the government of the DRC or by its court system. These risks may limit or disrupt Mawson's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

The economy and political system of the DRC should be considered by investors to be less predictable than those in countries in which investors are likely to be resident. The DRC has a history of political instability, significant and unpredictable changes in government policies and laws, war and civil conflict, illegal mining activities, lack of law enforcement and labour unrest. The possibility that the current, or a future, government may adopt substantially different policies, take arbitrary action which might halt production, extend to the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's results of operations and financial condition.

Mawson may experience regulatory, consent or permitting delays.

The business of mineral exploration, project development, mining and processing is subject to various national and local laws and plans relating to: permitting and maintenance of title; environmental consents; taxation; employee relations; heritage / historic matters; health and safety; royalties; land acquisition; and other matters.

There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, project development, or mining may not be obtained under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

Development of the Kapulo Project requires an environmental permit.

Under the laws of the DRC, Mawson may not convert the Kapulo Project to an exploitation (mining) licence and commence construction at the Kapulo Project until it has been issued an environmental permit. In order to be issued an environmental permit, an EIA must be submitted to and approved by the DRC Government. An EIA is being prepared by Africa Mining Consultants which will form part of CMCC's submission for conversion of the Kapulo Project to an exploitation (mining) licence. There is no assurance that the EIA that is being prepared will be accepted by the DRC Government and that an environmental permit will be issued in a timely basis or at all. In the event that an environmental permit is not issued, the Company would be unable to proceed with development of the Kapulo Project.

There is no assurance as to Mawson's ability to sustain and expand mineral reserves and resources.

Because mines have limited lives based on proven and probable mineral reserves, the Company will be required to continually replace and expand its mineral reserves as its mines produce copper. The life-of-mine estimates included in this prospectus in respect of the Dikulushi Mine and the Kapulo Project may not be correct. The Company's ability to maintain or increase its annual production of copper in the future will be dependent in significant part on its ability to bring new mines into production and to expand mineral reserves at existing mines. The Dikulushi Mine and the Kapulo Project have an estimated life of 2 years and 8 years respectively based only on proven, probable and inferred mineral reserves.

Feasibility studies may be used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future copper prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the copper from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result Mawson cannot give assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated, thereby impacting on the economic viability of the project.

Mawson's current and proposed exploration and mining activities are situated entirely in a single country.

Mawson is conducting its exploration, development, and mining activities entirely in the DRC. Mawson believes that the Government of the DRC supports the development of natural resources. There is no assurance that future political and economic conditions in the DRC will not result in the Government of the DRC adopting different policies respecting foreign development and ownership of mineral resources. Any such change in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both Mawson's ability to undertake exploration and development activities in respect of future properties as well as its ability to continue to explore and develop those properties in respect of which it has obtained mineral exploration rights to date.

Mawson's title to mineral rights could be challenged.

The acquisition and retention of title to mineral rights is a detailed and time consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. The Company's right to explore for, mine, produce and sell copper from the Dikulushi Mine and the Kapulo Project is based on the Dikulushi Mining Convention. Should Mawson's rights under the Dikulushi Mining Convention not be honoured or be unenforceable for any reason, or if any material term of the Dikulushi Mining Convention is unilaterally changed or not honoured, including the boundaries, Mawson's ability to explore and produce copper in the future would be materially and adversely affected, and this would have a material and adverse effect on the Company's financial performance and results of operations.

Mawson relies on its management team, and the loss of one or more of these persons may adversely affect Mawson.

The success of the operations and activities of Mawson is dependent to a significant extent on the efforts and abilities of its management. Investors must be willing to rely to a significant extent on management expertise, competence, discretion and judgment. Mawson does have in place formal programs for succession of management and training of management. The loss of one or more of these key employees, if not replaced, could adversely affect Mawson's profitability, results of operations and financial condition.

Inferred mineral resources are uncertain and their economic viability cannot be assured.

Inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Mawson has a short history of mining operations.

The Company has a short history of mining operations, and there is no assurance that it will continue to successfully produce copper, generate revenue, operate profitably or provide a return on investment in the future. Other factors mentioned in this risk section of the prospectus may also prevent Mawson from successfully operating a mine.

Mawson's properties are subject to environmental risks.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. Mawson cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

Mawson's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes or slowdowns, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment or laws, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Currency fluctuations may affect the costs that Mawson incurs in its operations.

The Company's revenue from the Offering, the Subscription Receipt Offering and other financing activities will be received in Canadian dollars while a significant portion of its operating expenses will be incurred in United States dollars, Australian dollars, Congolese Francs and other foreign currencies. From time to time, the Company will borrow funds and will incur capital expenditures that are denominated in foreign currency. Copper is sold throughout the world, based principally on a U.S. dollar price, but as stated above, a portion of Mawson's operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where Mawson has mining and exploration operations against the U.S. dollar would increase the costs of copper production at such operations which could materially and adversely affect the Company's profitability, results of operation and financial position.

A market for Mawson's shares may not develop or be sustained.

The Ordinary Shares are currently not listed or quoted on any stock exchange or market in Canada or elsewhere and an active public trading market in Canada or elsewhere for the Ordinary Shares may not develop or be sustained after the Offering. If an active public market for the Ordinary Shares does not develop, the trading price of the Ordinary Shares may decline below the Offering Price, and the ability of a purchaser to dispose of the Ordinary Shares in a timely manner, or at all. Moreover, the market price of publicly traded stocks is affected by many variables not all of which are directly related to the success of the issuer. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Mawson's securities.

Mawson has a history of operating losses and there can be no assurance that Mawson will ever be profitable.

Mawson's operations have sustained operating losses during recent fiscal years. There is no guarantee that the Company will ever be profitable.

It may not be possible to effect service of process and enforce judgments outside of Canada.

The Company and its subsidiaries are incorporated or otherwise organized under the laws of foreign jurisdictions and all but one of the directors and officers of the Company and some or all of the experts named in this prospectus reside outside Canada. In addition, some or all of the assets of those persons and the Company and its subsidiaries are located outside of Canada. Although the Company and its directors who have signed this prospectus that reside outside of Canada have appointed Wildeboer Dellelce Corporate Services Limited, Suite 800, 365 Bay Street, Wildeboer Dellelce Place, Toronto, Ontario, Canada, M5H 2V1, as their agent for service of process in Canada, it may not be possible for investors to collect from the Company or enforce judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation

against the Company, its directors and officers and certain of the experts named in this prospectus. Moreover, it may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, there are no legal proceedings or regulatory actions material to the Company to which the Company is a party, or was a party to in the financial year ended June 30, 2010, or of which any of its properties is the subject of, or was the subject matter of in the financial year ended June 30, 2010, nor are there any such proceedings known to the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a securities regulatory authority nor has the Company entered into any settlement agreements with a securities regulatory authority, as of the date hereof or within the three years immediately preceding the date hereof. There have been no penalties or sanctions imposed by a court or regulatory body against the Company necessary for this prospectus to contain full, true and plain disclosure of all material facts relating to the Shares and the Subscription Receipt Shares.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this prospectus under the headings “*Description and General Development of the Business*”, “*Executive Compensation*” and “*Non-Executive Directors Compensation*”, none of the directors or executive officers of Mawson or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with Mawson within the three years preceding the date of this prospectus or in any proposed transaction which has materially affected or would materially affect Mawson.

AUDITORS

The auditors of Mawson are Stantons International Audit and Consulting Pty Ltd. (formerly Stantons International Pty Ltd.), Level 1, 1 Havelock Street, West Perth, Western Australia, 6005, Australia.

REGISTRAR AND TRANSFER AGENTS

Mawson’s registrar and transfer agent for the Ordinary Shares in Canada is Computershare Investor Services Inc., 100 University Ave., 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1. Computershare Investor Services Pty Ltd., Level 2, 45 St. Georges Terrace, Perth, Western Australia, 6000 is the registrar and transfer agent for the Ordinary Shares in Australia.

Computershare Trust Company of Canada, 100 University Ave., 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1 is the subscription receipt agent for the Subscription Receipts.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the Company has entered into since the beginning of its most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

1. the Agency Agreement;
2. the Subscription Receipt Agency Agreement;
3. the Subscription Receipt Agreement; and
4. the Dikulushi Share Sale Agreement.

Copies of the above material contracts will be available for inspection at the offices of the Company’s Canadian counsel, Wildeboer Dellelce LLP, 365 Bay Street, Suite 800, Wildeboer Dellelce Place, Toronto, Ontario during normal business hours during the period of distribution of the securities being distributed hereunder and for a period of 30 days thereafter. The material contracts will also be available under the Company’s profile on SEDAR at www.sedar.com.

EXPERTS

Certain legal matters in connection with this distribution have been passed upon by Wildeboer Dellelce LLP on behalf of Mawson and by Heenan Blaikie LLP on behalf of the Agents. As of the date of this prospectus, the partners and

associates of Wildeboer Dellelce LLP as a group and the partners and associates of Heenan Blaikie, LLP as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

The matters referred to under “Certain Australian Income Tax Considerations” have been passed upon by Calder Roth & Co., Chartered Accountants on behalf of the Company. As at the date hereof, the partners and associates of Calder Roth & Co., Chartered Accountants as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

Certain information in this prospectus relating to the Dikulushi Mine and the Kapulo Project is summarized or extracted from the Technical Reports. All of the authors of the Technical Reports are independent of Mawson within the meaning of National Instrument 43-101 with the exception of Adam Anderson, one of the authors of the Technical Reports, who is the General Manager, Resource Development of the Company. As at the date hereof, each of the authors of the Technical Reports beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

The independent auditors of the Company are Stantons International Audit and Consulting Pty Ltd. (formerly Stantons International Pty Ltd.).

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides a purchaser with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his or her province. The purchaser should refer to any applicable provisions of the securities legislation of his or her province for the particulars of these rights or consult with a legal advisor.

ABN: 67 072 595 576

MAWSON WEST LTD

**Consolidated Financial Report for the three months
ended 30 September 2010 (unaudited) and 30
September 2009 (unaudited) and fiscal years ended 30
June 2010, 2009 and 2008 (audited)**

AUDITORS REPORT IN RESPECT OF COMPATIBILITY WITH CANADIAN GAAS

To the Board of

DIRECTORS OF MAWSON WEST LTD (THE “COMPANY”)

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards (“**Canadian GAAS**”) And International Standards on Auditing.

Stantons International Pty Ltd the predecessor firm of Stantons International Audit and Consulting Pty Ltd conducted the audit for the years ended June 30, 2010, 2009 and 2008 in accordance with International Standards on Auditing. There are no material differences in the form or content of this report (except as noted below) as compared to an auditor’s report prepared in accordance with Canadian GAAS and if this report was prepared in accordance with Canadian GAAS it would not contain reservation.

In Canada, reporting standards for auditors require that an auditor’s opinion state that the consolidated financial statements of a company present fairly, in all material respects, the financial position of the company and its results of operations and cash flows. In Australia, reporting standards for auditors require that an auditor’s opinion state that the consolidated financial statements of a company give a true and fair view of the state of the Company’s affairs and of its profit for the year.

In Australia, the *Corporations Act* 2001 (Cth) requires that the auditor express an opinion on the remuneration report as to compliance with section 300A of the *Corporations Act* 2001 (Cth). In Canada, there is no requirement for a remuneration report and accordingly no requirement for the auditor to opine on that report.

In all other respects, there are no material differences in the form and content of the above noted auditor’s report.

Stantons International Audit and Consulting Pty Ltd
(formerly Stantons International Pty Ltd)

Perth, Western Australia

7 February 2010

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF MAWSON WEST LTD**

To the Board of Directors of
MAWSON WEST LTD

We have audited the accompanying consolidated financial report of Mawson West Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2010, 30 June 2009 and 30 June 2008, statement of comprehensive income, statements of changes in equity and consolidated statements of cash flows for the years ended 30 June 2010, 30 June 2009, 30 June 2008. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensure that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparations and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors Opinion

In our opinion:

- (a) The financial report of Mawson West Ltd
 - (i) Gives a true and fair view of the consolidated entity's financial position as at 30 June 2010, 30 June 2009 and 30 June 2008 and of their performance and cash flows for the years ended on 30 June 2010, 30 June 2009 and 30 June 2008; and
 - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

JOHN VAN DIEREN

Director

Stantons International Audit and Consulting Pty Ltd
(formerly Stantons International Pty Ltd)

Perth, Western Australia

7 February 2010

Consolidated Financial Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Quarter ended		Year ended 30 June		
	Notes	30-Sep-10	30-Sep-09	2010	2009	2008
		\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
Current Assets						
Cash and cash equivalents	10	6,981,227	3,035,045	7,183,564	2,742,439	1,281,671
Trade and other receivables	11	2,013,796	70,037	387,116	1,200,073	81,300
Inventories	12	2,801,081	—	639,365	—	—
Other financial assets	13	351,496	—	—	225,000	—
Total Current Assets		12,147,600	3,105,082	8,210,045	4,167,512	1,362,971
Non Current Assets						
Other financial assets	13	1,418,410	—	430,229	—	348,479
Capitalised re-furbishment costs	14	2,122,298	—	2,487,687	—	—
Exploration assets	15	26,537,909	1,655,010	29,820,628	1,655,010	1,685,569
Plant and equipment	16	3,918,502	304,262	4,612,315	281,712	295,315
Total Non Current Assets		33,997,119	1,959,272	37,350,859	1,936,722	2,329,363
Total Assets		46,144,719	5,064,354	45,560,904	6,104,234	3,692,334
Current Liabilities						
Trade and other payables	17	3,162,223	408,262	1,052,632	577,871	417,643
Provisions	18	649,020	43,908	102,943	43,908	42,754
Total Current Liabilities		3,811,243	452,170	1,155,575	621,779	460,397
Non-Current Liabilities						
Provisions	18	1,112,164	—	1,298,785	—	—
Total Non-Current Liabilities		1,112,164	—	1,298,785	—	—
Total Liabilities		4,923,407	452,170	2,454,360	621,779	460,397
Net Assets		41,221,312	4,612,184	43,106,544	5,482,455	3,231,937
Equity						
Equity attributable to equity holders of the parent						
Contributed equity	19	51,592,255	29,789,809	53,734,734	29,789,809	23,140,368
Shares to be issued	19	—	—	1,025,145	—	—
Reserves	20	4,021,818	1,143,218	4,245,433	1,152,625	1,082,525
Accumulated losses	21	(17,164,959)	(26,320,843)	(19,069,024)	(25,459,979)	(20,990,956)
		38,449,114	4,612,184	39,936,288	5,482,455	3,231,937
Non-controlling interests	22	2,772,198	—	3,170,256	—	—
Total Equity		41,221,312	4,612,184	43,106,544	5,482,455	3,231,937

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended		Year ended 30 June		
		30-Sep-10	30-Sep-09	2010	2009	2008
		\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
Revenue	4a(i)	6,303,533	—	—	—	—
Operating Expenses	4a(i)	(4,539,531)	—	—	—	—
Amortisation of capitalised costs	4b	(313,173)	—	—	—	—
Depreciation	4b	(534,193)	—	—	—	—
Operating profit		916,636	—	—	—	—
Depreciation — other		(61,024)	(28,748)	(127,707)	(124,208)	(109,548)
Other income.	4a(ii)	11,287	20,601	78,820	556,068	145,651
Loss on derivative instruments	4c	(530,500)	—	—	—	—
Provisions against investments and loans.		—	—	—	—	(96,194)
Loss on disposal of investments	5	—	—	—	—	(167,783)
Cost of surrendered tenements		—	—	(138,095)	—	—
Exploration expenses	4b	—	(607,148)	(1,847,692)	(2,468,949)	(2,754,850)
Decrease in market value of investments		—	—	—	(7,500)	—
Foreign exchange (losses)/gains	4b	(14,930)	—	68,976	(107,217)	42,909
Discount on acquisition of business combination	32a	—	—	12,915,206	—	—
Share based payments		(232,768)	—	(1,026,043)	(157,628)	(566,783)
General administrative and marketing		(887,604)	(245,569)	(3,811,809)	(2,159,589)	(2,043,870)
Profit/(Loss) before income tax		(798,903)	(860,864)	6,111,656	(4,469,023)	(5,550,468)
Income tax benefit	6	—	—	169,873	—	—
Profit/(Loss) after tax		(798,903)	(860,864)	6,281,529	(4,469,023)	(5,550,468)
Other comprehensive income/(loss) for the period						
Available for sale investments		—	—	—	92,480	(92,480)
Foreign currency translation differences		86,885	—	2,380,352	(180,008)	(112,747)
Total comprehensive Income/(Loss)		(712,018)	(860,864)	8,661,881	(4,556,551)	(5,755,695)
Net Profit/(Loss) attributable to non-controlling interests		37,042	—	(48,000)	—	—
Net Profit/(Loss) attributable to the members of Mawson West Limited	21	(835,945)	(860,864)	6,329,529	(4,469,023)	(5,550,468)
		(798,903)	(860,864)	6,281,529	(4,469,023)	(5,550,468)
Total comprehensive loss attributable to non-controlling interest		57,473	—	277,298	—	—
Total comprehensive income/(loss) attributable to members of Mawson West Ltd.		(769,491)	(860,864)	8,384,583	(4,556,551)	(5,755,695)
		(712,018)	(860,864)	8,661,881	(4,556,551)	(5,755,695)
Basic Earnings/(Loss) Per Share attributable to ordinary equity holders of the parent (cents)	23	(0.25)	(0.56)	3.10	(2.96)	(4.92)

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Financial Report

STATEMENT OF CHANGES IN EQUITY

	<u>Issued capital</u>	<u>Accumulated losses</u>	<u>Other reserves</u>	<u>Non-controlling Interests</u>	<u>Total equity</u>
	\$A	\$A	\$A	\$A	\$A
At 1 July 2007	21,235,568	(15,440,488)	720,969	—	6,516,049
Loss attributable to members of the Group	—	(5,550,468)	—	—	(5,550,468)
Other comprehensive income					
Foreign currency reserve	—	—	(112,747)	—	(112,747)
Share equity reserve	—	—	(92,480)	—	(92,480)
	<u>—</u>	<u>(5,550,468)</u>	<u>(205,227)</u>	<u>—</u>	<u>(5,755,695)</u>
Shares issued for cash	2,000,000	—	—	—	2,000,000
Capital raising costs	(95,200)	—	—	—	(95,200)
Cost of share based payment	—	—	566,783	—	566,783
At 30 June 2008	<u>23,140,368</u>	<u>(20,990,956)</u>	<u>1,082,525</u>	<u>—</u>	<u>3,231,937</u>
At 1 July 2008	<u>23,140,368</u>	<u>(20,990,956)</u>	<u>1,082,525</u>	<u>—</u>	<u>3,231,937</u>
Loss attributable to members of the Group	—	(4,469,023)	—	—	(4,469,023)
Other comprehensive income	—	—	—	—	—
Share equity reserve	—	—	92,480	—	92,480
Foreign currency reserve	—	—	(180,008)	—	(180,008)
Total comprehensive loss for the year	<u>—</u>	<u>(4,469,023)</u>	<u>(87,528)</u>	<u>—</u>	<u>(4,556,551)</u>
Shares issued for cash	7,000,000	—	—	—	7,000,000
Shares issued in lieu of exploration payments	8,190	—	—	—	8,190
Capital raising costs	(358,749)	—	—	—	(358,749)
Cost of share based payment	—	—	157,628	—	157,628
At 30 June 2009	<u>29,789,809</u>	<u>(25,459,979)</u>	<u>1,152,625</u>	<u>—</u>	<u>5,482,455</u>
At 1 July 2009	<u>29,789,809</u>	<u>(25,459,979)</u>	<u>1,152,625</u>	<u>—</u>	<u>5,482,455</u>
Profit attributable to members of the Group	—	6,329,529	—	(48,000)	6,281,529
Other comprehensive income					
Foreign currency reserve	—	—	2,055,054	325,298	2,380,352
Total comprehensive income for the year	<u>—</u>	<u>6,329,529</u>	<u>2,055,054</u>	<u>277,298</u>	<u>8,661,881</u>
Shares issued/to be issued for cash	11,012,520	—	—	252,000	11,264,520
Shares issued to acquire mineral interests	13,458,743	—	—	—	13,458,743
Shares issued in lieu of remuneration	149,122	—	—	—	149,122
Capital raising costs	(675,460)	—	—	—	(675,460)
Share equity reserve	—	—	622,141	—	622,141
Costs of share based payment	—	—	415,613	72,931	488,544

Consolidated Financial Report

STATEMENT OF CHANGES IN EQUITY (continued)

	<u>Issued capital</u>	<u>Accumulated losses</u>	<u>Other reserves</u>	<u>Non-controlling Interests</u>	<u>Total equity</u>
	\$A	\$A	\$A	\$A	\$A
Non-controlling interests arising on subsidiary acquisitions	—	—	—	2,629,453	2,629,453
Gain on partial de-consolidation of subsidiary	—	61,426	—	(61,426)	—
At 30 June 2010	53,734,734	(19,069,024)	4,245,433	3,170,256	42,081,399
Shares to be issued.	1,025,145	—	—	—	1,025,145
At 30 June 2010	54,759,879	(19,069,024)	4,245,433	3,170,256	43,106,544
	\$US	\$US	\$US	\$US	\$US
Conversion to \$US	46,891,487	(16,329,014)	3,635,412	2,714,725	36,912,610
Profit attributable to members of the Group	—	(835,945)	—	37,042	(798,903)
Other comprehensive income	—	—	—	—	—
Foreign currency reserve	—	—	66,454	20,431	86,885
Total comprehensive income for the period	—	(835,945)	66,454	57,473	(712,018)
Shares issued/to be issued for cash	4,787,952	—	—	—	4,787,952
Capital raising costs	(87,184)	—	87,184	—	—
Share equity reserve	—	—	134,718	—	134,718
Costs of share based payment	—	—	98,050	—	98,050
At 30 September 2010	51,592,255	(17,164,959)	4,021,818	2,772,198	41,221,312

The above Consolidated Statements of Changes in Equity is to be read in conjunction with the accompanying notes

Consolidated Financial Report

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Quarter ended		Year ended 30 June		
		30-Sep-10 \$US (unaudited)	30-Sep-09 \$A (unaudited)	2010 \$A	2009 \$A	2008 \$A
Cash flows from operating activities						
Receipts from customers		4,784,305	—	—	—	5,444
Payments to suppliers and employees		(5,297,646)	98,303	(2,933,791)	(3,358,467)	(351,439)
Interest received		<u>7,857</u>	<u>13,737</u>	<u>65,529</u>	<u>191,221</u>	<u>140,207</u>
Net cash used in operating activities	24	<u>(505,484)</u>	<u>112,040</u>	<u>(2,868,262)</u>	<u>(3,167,246)</u>	<u>(205,788)</u>
Cash flows from investing activities						
Payments for plant and equipment	16	(564,143)	(51,298)	(343,704)	(156,345)	(95,482)
Payments for exploration	15	(937,087)	—	(2,253,028)	(2,438,339)	(4,064,886)
Payments for development	14	(305,237)	—	(2,086,982)	—	—
Payments for mining tenements		—	—	—	—	(32,084)
Hedge margin account deposit	13	(1,050,000)	—	—	—	—
Proceeds from sale of investment		—	231,864	232,896	581,447	288,400
Loans (to)/repaid by other entities		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(96,194)</u>
Net cash used in investing activities		<u>(2,856,467)</u>	<u>180,566</u>	<u>(4,450,818)</u>	<u>(2,013,237)</u>	<u>(4,000,246)</u>
Cash flows from financing activities						
Proceeds from issue of shares and options net of capital raising costs	19	<u>4,191,813</u>	<u>—</u>	<u>11,760,205</u>	<u>6,641,251</u>	<u>1,904,800</u>
Net cash provided by financing activities		<u>4,191,813</u>	<u>—</u>	<u>11,760,205</u>	<u>6,641,251</u>	<u>1,904,800</u>
Net increase(decrease) in cash and cash equivalents		829,862	292,606	4,441,125	1,460,768	(2,301,234)
Cash and cash equivalents at the beginning of year/period		6,151,365	2,742,439	2,742,439	1,281,671	3,661,004
Exchange differences on cash and cash equivalents		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(78,099)</u>
Cash and cash equivalents at end of year/period	10	<u>6,981,227</u>	<u>3,035,045</u>	<u>7,183,564</u>	<u>2,742,439</u>	<u>1,281,671</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Consolidated Financial Report

Notes to the Financial Statements

1. CORPORATE INFORMATION

This financial report presents financial statements of Mawson West Limited (the Company) and its subsidiaries for the financial years ended 30 June 2010, 30 June 2009 and 30 June 2008 (“**Audited Information**”) and for the three months periods ended 30 September 2010 and 30 September 2009 (“**Unaudited Information**”). The Audited Information has been extracted from the audited annual financial reports of Mawson West Ltd, whereas the Unaudited Information is from Mawson West’s management accounts.

Comparative information has been re-presented where necessary to ensure conformity in presentation with revised accounting standards.

Mawson West Limited is a company limited by shares incorporated in Australia whose shares ceased being publicly traded on the Australian Securities Exchange on 17 June 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(a) *Basis of preparation*

The financial report, in so far as it relates to the Audited Information, is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including Australian Interpretations. The financial report has also been prepared on a historical cost basis and accrual accounting, modified where applicable by the measurement of selected financial assets and financial liabilities at fair value. The financial report in so far as it relates to the Audited Information is presented in Australian dollars.

The financial report, in so far as it relates to the Unaudited Information, is a general purpose financial report which has been prepared in accordance with AASB 134 “Interim Financial Reporting”. The financial report has also been prepared on a historical cost basis and accrual accounting, modified where applicable by the measurement of selected financial assets and financial liabilities at fair value. The condensed three month financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent financial report for the years ended 30 June 2010 and 30 June 2009. The financial report in so far as it relates to the Audited Information is presented in Australian dollars. The financial report in so far as it relates to the three month period ended 30 September 2009 is presented in Australian dollars. The financial report in so far as it relates to the three month period ended 30 September 2010 is presented in US dollars.

(b) *Statement of compliance*

The financial report, in so far as it relates to the Audited Information, complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The accounting policies and methods of computation adopted in the preparation of the current financial review report are consistent with those adopted and disclosed in the company’s 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Company include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adoption of these amendments has not resulted in any changes to the Group’s accounting policies and have no effect on the amounts reported for the current or prior periods. However, the only amendment that has had a material impact and resulted in changes to the Group’s presentation of, or disclosure in, its half-year financial statements is the presentation of exploration costs in the statement of cash flows. AASB 107 *Statement of Cash Flows* has been amended through AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

Consequently, cash flows in respect of exploration costs that are expensed as incurred or are impaired in full at the end of the reporting period have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Mawson West Limited (“Mawson West”) and its subsidiaries. Interests in associates are equity accounted and are not part of the Consolidated Entity.

Subsidiaries are all those entities over which Mawson West has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Mawson West controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from infra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which Mawson West obtains control until such time as Mawson West ceases to control such entities.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their fair values at the date of acquisition. Any difference between the fair value of the consideration and the fair values of the identifiable net assets acquired is recognised as goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented with equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If Mawson West loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying value of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises and surplus or deficit in the statement of comprehensive income;
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss.

The Consolidated Entity has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative. The revisions to AASB 127 contained consequential amendments to AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

Previously, transactions with non-controlling interests were treated as transactions with parties external to the Consolidated Entity. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the Consolidated Entity ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Consolidated Entity has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(d) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited

exceptions, the fair value of the identifiable assets acquired and liabilities assumed, in addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer to Note 2 k) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquires.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer. Liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability off equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement comprehensive income.

(e) Taxation

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability 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 the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference 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 the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(f) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale assets. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and when allowed and appropriate re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of the investments that are actively traded in the organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market fair values are determined using valuation techniques. Such techniques include: using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(g) Interest in a jointly controlled operation

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than the establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(h) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Dikulushi mine plant and equipment — 18 months commencing 1 July 2010
- Plant and equipment other than (Dikulushi Plant and equipment) over 5 to 10 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Exploration and evaluation expenditure

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred.

Costs of acquisition of exploration areas of interest are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(j) Development properties

Where projects have advanced to the stage that directors have made a decision to mine or commence mineral processing, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

When production commences, carried forward development costs are amortised on a units of production basis over the life of economically recoverable reserves.

Development properties are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

(k) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The plan in place that provides these benefits is the Employee Share Purchase Plan (ESPP), which provides benefits to directors and employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the company using the Black-Scholes option valuation model.

The value of shares issued to directors and employees by way of a non-recourse loan under the Employee Share Purchase Plan is recognised with a corresponding increase in equity when the company receives funds from either the employees re-paying the loan or upon loan termination. All shares issued under the Plan with non-recourse loans are considered, for accounting purposes, to be options.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Mawson West Ltd ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and
- (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The value of shares issued to directors/employees financed by way of limited recourse loans under the Share Purchase Plan is recognized with a corresponding increase in equity when the Company receives funds from either the employees repaying the loan or upon the loan termination. All shares issued under the plan with limited recourse loans are considered for accounting purposes to be options.

(n) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) Foreign currency translation

(i) Functional and presentation currency

Until 30 June 2010, both the functional and presentation currency of Mawson West Limited and its Australian subsidiaries was Australian dollars (\$). Each entity in the Group determined its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency for the Zambian subsidiary was Zambian Kwacha (ZMK). The functional currency for the DRC subsidiary was the US Dollar (USD).

At 1 July 2010 all companies in the group adopted the US Dollar as the functional and presentation currency.

An entity's functional currency is the currency of the primary economic environment in which the entity operates. The economic entity now has a significant US dollar revenue stream and most of its costs are paid in US Dollars. Consequently the directors determined that the functional currency of the company and all its subsidiaries is US dollars. The change in functional currency was applied with effect from 1 July 2010 in accordance with the requirements of accounting standards.

Following the change in functional currency Mawson West Ltd has elected to change its presentation currency from Australian Dollars to US dollars. The directors believe that changing the presentation currency to US dollars will enhance comparability with its industry peer group, a majority of which report in US dollars.

To give effect to the change in functional currency and presentation currency all balances of entities with an Australian dollar functional currency at 30 June 2010 were converted into US dollars at a fixed exchange rate on 1 July 2010 of US\$1:A\$1.1678.

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation.

These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized directly in equity. Since 1 July 2004, the Group's date of transition to AASBs, such differences have been recognized in the foreign currency translation reserve (FCTR). When the foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit and loss.

(p) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is carried as a revaluation decrease).

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services.

(r) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Trade and other receivables

Debtors are carried at amounts due. The recoverability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(t) Employee leave benefits

Wages, salaries, annual leave and sick leave liabilities for wages and salaries, including non-monetary benefits and annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when product is physically transferred onto a vessel, train, conveyor or other delivery mechanisms. Revenue is measured at the fair value of the consideration received or receivable.

The following criteria are also applicable to other specific revenue transactions.

Copper and silver in concentrate sales

Contract terms for the Group's sale of copper and silver in concentrate (metal in concentrate) allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the final content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal in concentrate (based on initial assay results) and the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Other Income".

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and ten months.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to include any costs of servicing equity (other than dividends) and preference share dividends divided by the average weighted number of ordinary shares adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses and;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and
- dilutive potential ordinary shares, adjusted for any bonus element.

(x) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(y) Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements,

estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Classification of valuation of investments

The Group has decided to classify investments in listed and unlisted securities as ‘available-for-sale’ investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are determined by an appropriately qualified independent valuer by projecting future cash flows from expected future dividends and subsequent disposal of the securities.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment, including economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management.

Evaluation of capitalised and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable, profits and net assets will be reduced in the period in which determination is made.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturers’ warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 16.

Contingencies (Note 25)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group’s mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the

reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116 Property, Plant and Equipment. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with AASB 136. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss. Also rehabilitation obligations that arose as a result of the production phase of a mine, should be expensed as incurred.

Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation and / or amortisation of mine specific assets. This results in a depreciation / amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units-of-production (UOP) depreciation methodologies are available to choose from. The Group adopts a Run of the Mine (ROM) tonnes of ore produced methodology for mining costs and an ounces / pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

Exploration and evaluation expenditure (Note 15)

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

	Quarter ended		Year ended 30 June		
	30-Sep-10	30-Sep-09	2010	2009	2008
	\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
4. Revenues and Expenses					
Revenue and expenses from continuing operations					
Profit/(Loss) from ordinary activities before income tax includes the following items of revenue and expense.					
(a) (i) Sales Revenue and gross margin					
Sale of copper silver concentrate	6,303,533	—	—	—	—
Amortisation costs	(313,173)	—	—	—	—
Depreciation	(534,193)	—	—	—	—
Cost of production	(5,447,155)	—	—	—	—
Inventory movement	907,624	—	—	—	—
Cost of sales	(5,386,897)	—	—	—	—
Gross margin	916,636	—	—	—	—
(a)(ii) Other income					
Interest revenue:					
Bank interest	11,287	13,737	70,924	191,221	140,207
Profit on sale of investment (Note 5).	—	6,864	7,896	364,847	—
Other income	—	—	—	—	5,444
	11,287	20,601	78,820	556,068	145,651
(b) Expenses					
Amortisation:					
Amortisation of capitalised costs	313,173	—	—	—	—
Depreciation of non-current assets:					
Property, plant and equipment					
—charged to cost of sales	534,193	—	—	—	—
—other	61,024	28,748	127,707	124,208	109,548
	595,217	28,748	127,707	124,208	109,548
Foreign exchange (gains)/losses	14,930	—	(68,976)	107,217	(42,909)
Exploration expenditure expensed	—	607,148	1,847,692	2,468,949	2,754,850
(c) Loss on derivative instruments					
Market price of copper/mt	8,053.5	—	—	—	—
Less hedged price per mt	7,523.0	—	—	—	—
Loss per mt	530.5	—	—	—	—
1,000 Tonnes hedged					
Total loss on exposure to hedge	530,500	—	—	—	—

	Quarter ended		Year ended 30 June		
	30-Sep-10	30-Sep-09	2010	2009	2008
	\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
5. Sales of assets					
Sales of assets in the ordinary course of business have given rise to the following profits:					
Net surplus					
Proceeds from sale of investments	—	231,864	232,896	571,448	729,359
Less cost of investments sold	—	(225,000)	(225,000)	(440,960)	(858,742)
Profit/(Loss) on disposal of investments	—	6,864	7,896	130,488	(129,383)
Proceeds from sale of 20% JV interest	—	—	—	242,500	—
less cost of investment	—	—	—	(8,141)	(38,400)
Gain/(Loss) on disposal of JV interest	—	—	—	234,359	(38,400)
Net surplus/(Net Deficit)	—	6,864	7,896	364,847	(167,783)
6. Income tax					
(a) Numerical reconciliation of income tax expense to prima facie tax payable					
Profit/(Loss) from ordinary activities before income tax	(798,903)	(860,864)	6,111,656	(4,469,023)	(5,550,468)
Prima facie tax payable on profit (loss) from ordinary activities	(470,844)	(303,011)	1,833,497	(1,340,707)	(1,665,140)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income					
Entertainment fees	309	89	1,485	105	93
Fines	—	—	20	39	—
Share based payments	69,830	—	263,076	47,288	169,531
	(400,705)	(302,922)	2,098,078	(1,293,275)	(1,495,516)
Movement in unrecognised temporary differences	22,508	(31,358)	(4,097,129)	(21,560)	(2,017,589)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	378,197	334,280	1,829,178	1,314,835	3,513,105
Income tax benefit	—	—	(169,873)	—	—
(b) Unrecognised temporary differences deferred tax assets (at 30%)					
Provision for diminution in value of investments	—	—	—	2,250	27,744
Accrued expenses	157,969	—	92,088	21,272	16,307
Provision for expenses	194,706	13,172	30,883	13,172	16,531
Capital raising costs	224,916	103,300	247,288	111,136	38,095
Carry forward revenue tax losses	2,964,451	2,273,339	2,979,700	2,061,789	1,874,766
Carry forward foreign tax losses	6,691,942	2,770,249	8,026,612	3,040,235	1,482,891
Carry forward capital tax losses	2,042,970	2,385,780	2,385,780	2,385,589	2,424,736
	12,276,954	7,545,840	13,762,351	7,635,443	5,881,070
(c) Deferred tax liabilities (at 30%)					
Capitalised tenement acquisition cost	705,137	204,636	658,357	204,636	213,804
	705,137	204,636	658,357	204,636	213,804

No income tax is payable by the Consolidated Group. At 30 September 2010 the Group has US\$9,881,504 in income tax losses, US\$31,341,390 in foreign losses and US\$6,809,899 in capital losses.

The deferred tax asset and deferred tax liability have not been brought to account as it is unlikely they will arise unless the Company generates sufficient revenue to utilise them. Available losses are subject to local laws and their availability will be reviewed at the time they are to be utilised.

7. Directors' and key management personnel compensation

The aggregate compensation of the Company's directors and key management personnel is set out below.

	Qtr ended	Year ended 30 June		
	30-Sep-10	2010	2009	2008
	\$US	\$A	\$A	\$A
	(unaudited)			
Compensation by category-Key Management Personnel				
Short-Term	539,426	1,452,625	851,416	610,710
Post-Employment	31,835	96,936	54,988	39,228
Equity-Based Payments	157,165	745,378	136,680	327,923
	<u>728,426</u>	<u>2,294,939</u>	<u>1,043,084</u>	<u>977,861</u>

Remuneration of each Company director, the key management personnel and the 5 most highly remunerated officers of the Group (other than the directors)

Three months ended 30 September 2010	Short Term			7Post Employment Superannuation	Equity Options and Shares^(iv)	Total	Value of Equity based payments as % of Remuneration
	Salary & Fees⁽ⁱ⁾	Non Monetary Benefits⁽ⁱⁱ⁾	Other Benefits⁽ⁱⁱⁱ⁾				
	\$US	\$US	\$US	\$US	\$US	\$US	%
Directors							
Stowell, Mark	98,133	282	—	1,146	—	99,561	—
Frances, David	66,676	282	9,805	6,001	—	82,764	—
Asquith, Jonathan	43,643	282	4,732	3,928	—	52,585	—
Zamudio, Glenn	53,341	282	(4,947)	4,801	—	53,477	—
Louis Rozman	8,486	282	—	—	—	8,768	—
Anthony Lloyd	8,486	282	—	—	—	8,768	—
Michael Lawlor	8,486	282	—	—	—	8,768	—
Executives							
Anderson, Adam	46,490	—	6,552	4,184	—	57,226	—
Nic Joubert	45,000	—	—	—	12,759	57,759	22%
Dharmabandu, Janaka	38,556	—	3,373	3,470	95,656	141,055	68%
Felderhof, Sonja	43,643	—	4,094	3,928	—	51,665	—
Ireland, Tim	48,636	—	4,267	4,377	48,750	106,030	46%
	509,576	1,974	27,876	31,835	157,165	728,426	22%

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to corporate services and administration.
- (ii) The cost of D&O insurance is split between the directors and is shown under Non Monetary Benefits.
- (iii) Leave accrual movement is shown as Other Benefits.
- (iv) Employee options, shares issued pursuant to the Employee Share Purchase Plan and share issues in lieu of salary have been issued throughout the year as part of the remuneration philosophy of the company. The value of the options and shares issued pursuant to the Employee Share Purchase Plan has been calculated using the Black-Scholes model.

Year ended 30 June 2010	Short Term			Post Employment Superannuation	Equity	Total	Value of Equity based payments % of
	Salary & Fees ⁽ⁱ⁾	Non Monetary Benefits ⁽ⁱⁱ⁾	Other Benefits ⁽ⁱⁱⁱ⁾		Equity based payments ^(iv)		Remuneration
					\$A		
Directors							
M Stowell	113,646	1,166	—	5,368	77,339	197,519	39%
D Frances	268,750	1,166	17,458	24,188	247,062	558,624	44%
J Asquith	124,609	1,166	6,269	3,214	84,370	219,628	38%
G Zamudio	215,000	1,166	11,999	19,350	162,201	409,716	40%
A Lloyd	37,917	1,166	—	—	54,732	93,815	58%
L Rozman	20,329	1,166	—	—	—	21,495	0%
M Lawlor	8,055	1,166	—	—	—	9,221	0%
Executives							
A Anderson	207,722	—	7,511	18,695	70,308	304,236	23%
D Reid	118,750	—	—	10,687	31,552	160,989	20%
J Lloyd	103,525	—	—	—	10,783	114,308	9%
S Felderhof	88,793	—	6,675	7,991	—	103,459	0%
V Da Silva	82,697	—	4,758	7,443	7,031	101,929	7%
Total	1,389,793	8,162	54,670	96,936	745,378	2,294,939	32%

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to other geologists and geological services and corporate services and administration.
- (ii) The cost of D&O insurance is split between the directors and is shown under Non Monetary Benefits.
- (iii) Leave accrual movement is shown as Other Benefits.
- (iv) Employee options, shares issued pursuant to the Employee Share Purchase Plan and share issues in lieu of salary have been issued throughout the year as part of the remuneration philosophy of the company. The value of the options and shares issued pursuant to the Employee Share Purchase Plan has been calculated using the Black-Scholes model. Included are amounts for share issues to associated parties of D Frances and G Zamudio of 610,000 shares and 305,000 shares (\$A0.163 per share) respectively in lieu of additional remuneration.

Year ended 30 June 2009	Short Term			Post Employment Superannuation	Equity	Total	Value of Equity based payments as % of Remuneration
	Salary & Fees ⁽ⁱ⁾	Non Monetary Benefits ⁽ⁱⁱ⁾	Other Benefits ⁽ⁱⁱⁱ⁾		Equity based		
					payments ^(iv)		
	\$A	\$A	\$A	\$A	\$A	\$A	%
Directors							
M Stowell	68,303	1,654	—	4,082	19,125	93,164	21%
D Frances	258,333	1,654	13,154	23,250	38,250	334,641	11%
J Asquith	31,500	1,654	—	—	5,100	38,254	13%
G Zamudio	147,500	1,654	9,415	13,275	25,500	197,344	13%
A Lloyd	37,917	1,654	—	—	32,425	71,996	45%
Executives							
A Anderson	159,786	—	8,260	14,381	11,500	193,927	6%
J Lloyd	108,978	—	—	—	4,780	113,758	4%
Total	812,317	8,270	30,829	54,988	136,680	1,043,084	13%

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to other geologists and geological services and corporate services and administration.
- (ii) The cost of D&O insurance is split between the directors and is shown under Non Monetary Benefits.
- (iii) Leave accrual is shown as Other Benefits.
- (iv) Employee options have been issued throughout the year as part of the remuneration philosophy of the company. The value of the options has been calculated using the Black-Scholes model.

Year ended 30 June 2008	Short Term				Post Employment Superannuation	Equity Options ^(v)	Total	Value of Equity based payments as % of Remuneration
	Salary & Fees ⁽ⁱ⁾	Cash Bonus ⁽ⁱⁱ⁾	Non Monetary Benefits ⁽ⁱⁱⁱ⁾	Other Benefits ^(iv)				
\$A	\$A	\$A	\$A	\$A	\$A	\$A	%	
Directors								
M Stowell	52,500	—	1,099	—	4,725	82,720	141,044	59%
D Frances	200,000	50,000	1,099	17,794	22,500	129,250	420,643	31%
J Asquith	35,000	—	1,099	—	—	20,680	56,779	36%
G Zamudio	133,372	—	1,099	12,880	12,003	77,550	236,904	33%
A Lloyd	17,684	—	1,099	—	—	17,723	36,506	49%
Executives								
J Lloyd	82,625	—	—	3,360	—	—	85,985	—
Total	521,181	50,000	5,495	34,034	39,228	327,923	977,861	34%

- (i) Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to directors include the provision of their services relating to other geologists and geological services and corporate services and administration.
- (ii) Performance related bonuses — David Frances received \$50,000 as per his contract having fulfilled performance related targets.
- (iii) The cost of D&O insurance is split between the directors and is shown under Non Monetary Benefits.
- (iv) Leave accrual is shown as Other Benefits.
- (v) Employee options have been issued throughout the year as part of the remuneration philosophy of the company. The value of the options has been calculated using the Black-Scholes model.

Related Party Transactions

Specific transactions with directors and director-related entities:

- Fees of \$US 91,080 (2010:\$A54,000, 2009:\$A22,949, 2008 \$A71,412) paid to Merchant Holdings Pty Ltd, of which Mr Stowell is a director, for the provision of corporate and management services on normal terms and conditions.
- Fees of \$US Nil (2010:\$A7,145, 2009: \$A31,500, 2008: \$A35,000) paid to Linear A Pty Ltd, of which Mr Asquith is a director, for the provision of corporate and management services on normal terms and conditions;
- Payments of \$US Nil (2010: \$A Nil, 2009: \$128,547, 2008: \$A105,200) to Cityshow Pty Ltd which provides office facilities, a company in which Mr Asquith has an interest, in a building in which Mr Stowell has an interest.
- Payments of \$US 34,957 (2010: \$A126,071, 2009: \$A Nil, 2008:\$A Nil) to Colliers International for office facilities in a building in which Mr Stowell has an interest.
- During the year ended 30 June 2010 the Company granted 915,000 shares to two executive directors as additional remuneration.

Movement of shareholdings of each Company director and the key management personnel during the three months ended 30 September 2010

	Balance 01 July 10	Granted as Remuneration via share Purchase Plan	Additional Remuneration	Net Change Other	Balance 30 September 2010
	Number	Number	Number	Number	Number
M Stowell	12,003,460	—	—	—	12,003,460
D Frances	3,620,000	—	—	—	3,620,000
J Asquith	3,500,000	—	—	—	3,500,000
G Zamudio	3,005,000	—	—	—	3,005,000
A Lloyd	1,700,000	—	—	—	1,700,000
L Rozman	—	—	—	—	—
M Lawlor	—	—	—	—	—
Executives					
Anderson, Adam	1,098,150	—	—	—	1,098,150
Nic Joubert	—	—	—	256,089	256,089
Dharmabandu, Janaka	—	750,000	—	—	750,000
Felderhof, Sonja	—	—	—	141,650	141,650
Ireland, Tim	—	750,000	—	—	750,000
Total	24,926,610	1,500,000	—	397,739	26,824,349

P D Reid and V Da Silva are no longer employed by the Company. At 30 September 2010 S Warusawithana and J Lloyd did not meet the criteria of key management personnel.

Movement of shareholdings of each Company director and the key management personnel during the year ended 30 June 2010

	Balance 01 July 09	Granted as Remuneration via Share Purchase Plan	Additional Remuneration	Net Change Other	Balance 30 June 2010
	Number	Number	Number	Number	Number
M Stowell	8,820,025	1,100,000	—	2,083,435	12,003,460
D Frances	610,000	2,100,000	610,000	300,000	3,620,000
J Asquith	2,000,000	1,200,000	—	300,000	3,500,000
G Zamudio	1,000,000	1,600,000	305,000	100,000	3,005,000
A Lloyd	800,000	700,000	—	200,000	1,700,000
L Rozman	—	—	—	—	—
M Lawlor	—	—	—	—	—
Executives					
A Anderson	98,150	1,000,000	—	—	1,098,150
D Reid	—	1,500,000	—	—	1,500,000
J Lloyd	—	—	—	—	—
V Da Silva	—	100,000	—	—	100,000
S Warusawithana	—	500,000	—	—	500,000
Total	13,328,175	9,800,000	915,000	2,983,435	27,026,610

Movement of shareholdings of each Company director and the key management personnel during the year ended 30 June 2009

30 June 2009	Balance 01 July 08	Granted as Remuneration	On Exercise Of Options	Net Change Other	Balance 30 June 2009
	Number	Number	Number	Number	Number
Directors					
M Stowell	6,700,025	—	—	2,120,000	8,820,025
D Frances	200,000	—	—	410,000	610,000
J Asquith	1,000,000	—	—	1,000,000	2,000,000
G Zamudio	500,000	—	—	500,000	1,000,000
A Lloyd	500,000	—	—	300,000	800,000
Executives					
A Anderson	—	—	—	98,150	98,150
Total	8,900,025	—	—	4,428,150	13,328,175

A Anderson was not an employee of the company at 30 June 2008.

Movement of shareholdings of each Company director and the key management personnel during the year ended 30 June 2008

30 June 2008	Balance 01 July 07	Granted as Remuneration	On Exercise Of Options	Net Change Other	Balance 30 June 2008
	Number	Number	Number	Number	Number
Directors					
M Stowell	4,575,000	—	—	2,125,025	6,700,025
D Frances	250,000	—	—	(50,000)	200,000
J Asquith	890,129	—	—	109,871	1,000,000
G Zamudio	—	—	—	500,000	500,000
A Lloyd	—	—	—	500,000	500,000
Total	5,715,129	—	—	3,184,896	8,900,025

Movement on option holdings of each Company director and the key management personnel during the three months ended 30 September 2010

	Balance at beginning of year 01 July 2010	Granted as Remuneration	Options Exercised	Net change other	Balance at 30 September 2010	Vested at 30 September 2010		
						Total	Exercisable	Not Exercisable
Directors								
M Stowell	3,050,000	—	—	—	3,050,000	3,050,000	3,050,000	—
D Frances	4,750,000	—	—	—	4,750,000	4,750,000	4,750,000	—
J Asquith	600,000	—	—	—	600,000	600,000	600,000	—
G Zamudio	2,950,000	—	—	—	2,950,000	2,950,000	2,950,000	—
A Lloyd	900,000	—	—	—	900,000	900,000	900,000	—
Executives								
A Anderson	500,000	—	—	—	500,000	500,000	500,000	—
Nic Joubert	—	750,000	—	500,000	1,250,000	1,250,000	—	1,250,000
Dharmabandu, Janaka	—	—	—	—	—	—	—	—
Felderhof, Sonja	—	—	—	—	—	—	—	—
Ireland, Tim	—	—	—	—	—	—	—	—
Total	12,750,000	750,000	—	500,000	14,000,000	14,000,000	12,750,000	1,250,000

P D Reid and V Da Silva are no longer employed by the Company. At 30 September 2010 S Warusawithana and J Lloyd do not meet the criteria of a key management personnel.

Movement on option holdings of each Company director and the key management personnel during the year ended 30 June 2010

	Balance at beginning of year 01 July 2009	Granted as Remuneration	Options Exercised	Net change other	Balance at end of year 30 June 2010	Vested at 30 June 2010		
						Total	Exercisable	Not Exercisable
Directors								
M Stowell	3,050,000	—	—	—	3,050,000	3,050,000	3,050,000	—
D Frances	4,750,000	—	—	—	4,750,000	4,750,000	4,750,000	—
J Asquith	600,000	—	—	—	600,000	600,000	600,000	—
G Zamudio	2,950,000	—	—	—	2,950,000	2,950,000	2,950,000	—
A Lloyd	900,000	—	—	—	900,000	900,000	900,000	—
Executives								
A Anderson	500,000	—	—	—	500,000	500,000	500,000	—
D Reid	—	—	—	—	—	—	—	—
J Lloyd	700,000	800,000	—	—	1,500,000	1,500,000	700,000	800,000
V Da Silva	—	—	—	375,000	375,000	375,000	375,000	—
S Warusawithana	—	—	—	—	—	—	—	—
Total	13,450,000	800,000	—	375,000	14,625,000	14,625,000	13,825,000	800,000

Movement on option holdings of each Company director and the key management personnel the year ended 30 June 2009

	Balance at beginning of year 01 July 2008	Granted as Remuneration	Options Exercised	Net change other	Balance at end of year 30 June 09	Vested at 30 June 2009		
						Total	Exercisable	Not Exercisable
Directors								
M Stowell	2,300,000	750,000	—	—	3,050,000	3,050,000	3,050,000	—
D Frances	3,250,000	1,500,000	—	—	4,750,000	4,750,000	4,750,000	—
J Asquith	400,000	200,000	—	—	600,000	600,000	600,000	—
G Zamudio	1,950,000	1,000,000	—	—	2,950,000	2,950,000	2,950,000	—
A Lloyd	500,000	400,000	—	—	900,000	900,000	650,000	250,000
Executives								
A Anderson	—	500,000	—	—	500,000	500,000	500,000	—
J Lloyd	500,000	200,000	—	—	700,000	700,000	700,000	—
Total	8,900,000	4,550,000	—	—	13,450,000	13,450,000	13,200,000	250,000

Movement on option holdings of each Company director and the key management personnel the year ended 30 June 2008

	Balance at beginning of year	Granted as	Options	Net	Balance at	Vested at 30 June 2008		
30 June 2008	01 July 2007	Remuneration	Exercised	Change other	end of year 30 June 08	Total	Exercisable	Not Exercisable
Directors								
M Stowell	1,500,000	800,000	—	—	2,300,000	2,300,000	800,000	1,500,000
D Frances	2,000,000	1,250,000	—	—	3,250,000	3,250,000	1,250,000	2,000,000
J Asquith	200,000	200,000	—	—	400,000	400,000	200,000	200,000
G Zamudio	1,200,000	750,000	—	—	1,950,000	1,950,000	1,950,000	—
A Lloyd	—	500,000	—	—	500,000	500,000	—	500,000
Executives								
J Lloyd	500,000	—	—	—	500,000	500,000	500,000	—
Total	5,400,000	3,500,000	—	—	8,900,000	8,900,000	4,700,000	4,200,000

8. Equity-based payments to directors and employees

During the three months ended 30 September 2010 the Company granted the following options to key management personnel and staff.

1,430,000 unlisted options to employees (excluding Directors), at an exercise price of \$CAD 0.30 each and expiring on 8 April 2015. The fair value of the options at the grant date was \$US 12.32 per option. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ US 0.28
Weighted average life of options:	4.6 years
Underlying share price:	\$ US 0.28
Expected volatility:	70%
Risk free interest rate:	6.0%

A discount of 30% in recognition of the illiquid nature of the options and the underlying shares was applied.

During the three months ended 30 September 2010, 1,575,000 shares were allotted to employees pursuant to the Share Purchase Plan. 750,000 shares were allotted at a \$US0.15 per share and 825,000 share were allotted at \$CAD 0.30 per share.

The purchases of the shares were funded by limited recourse loans. The loans are for a period of five years from the date of allotment.

The implied option value of the shares issued at \$US 0.15 per share pursuant to the Share Purchase plan at the grant date was \$US 0.065 per option. The implied option value has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ US 0.15
Weighted average life of options:	5.0 years
Underlying share price:	\$ US 0.15
Expected volatility:	70%
Risk free interest rate:	4.91%

The implied option value of the shares issued at \$CAD 0.30 per share pursuant to the Share Purchase plan at the grant date was \$US 0.129 per option. The implied option value has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$CAD 0.30
Weighted average life of options:	5.0 years
Underlying share price:	\$CAD 0.30
Expected volatility:	70%
Risk free interest rate:	5.5%

During the year ended 30 June 2010 the Company granted the following options to key management personnel and staff.

3,485,000 unlisted options to employees (excluding Directors), at an exercise price of \$US 0.15 each and expiring on 8 April 2015. The fair value of the options at the grant date was \$A 0.07031 per option. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ US 0.15
Weighted average life of options:	5.0 years
Underlying share price:	\$ US 0.15
Expected volatility:	70%
Risk free interest rate:	6.0%

A discount of 30% in recognition of the illiquid nature of the options and the underlying shares was applied.

None of the options are exercisable until the expiry of specified employment periods and/or the satisfaction of key performance indicators by holders.

On 7 April 2010 approval was received from shareholders to the following allotment of shares to directors at \$US 0.15 per share pursuant to the Share Purchase Plan.

Director	Number of Shares	Implied option value (\$US)
Mark Stowell, or his nominees	1,100,000	\$ 71,500
Anthony Lloyd, or his nominees	700,000	\$ 45,500
David Frances, or his nominees	2,100,000	\$136,500
Glenn Zamudio, or his nominees	1,600,000	\$104,000
Jonathan Asquith, or his nominees	1,200,000	\$ 78,000
Total	6,700,000	\$435,500

The purchase of the shares was funded by limited recourse loans. The loan is for a period of five years from the date of allotment.

The implied option value of the shares issued pursuant to the Share Purchase plan at the grant date (8 April 2010) was \$A0.07031 per option. The implied option value has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ US 0.15
Weighted average life of options:	5.0 years
Underlying share price:	\$ US 0.15
Expected volatility:	70%
Risk free interest rate:	4.91%

In addition to the 6,700,000 shares issued to Directors pursuant to the Share Purchase Plan, the company also issued a further 3,200,000 shares to employees pursuant to the Share Purchase Plan on the same terms and conditions.

In November 2009 the company issued 610,000 shares and 305,000 shares in lieu of additional remuneration to nominees of D Frances and G Zamudio respectively.

During the year ended 30 June 2009 the Company granted the following options to Directors, key management personnel and staff.

3,850,000 unlisted options to Directors, at an exercise price of \$A 0.20 each and expiring on 22 August 2013. The fair value of the options at the grant date (28 November 2008) was \$A 0.0255 per option vesting immediately. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.20
Weighted average life of options:	4.73 years
Underlying share price:	\$ A 0.047
Expected volatility:	100%
Risk free interest rate:	5.91%

1,000,000 unlisted options to staff, at an exercise price of \$A 0.20 each and expiring on 22 August 2013. The fair value of the options at the grant date (15 December 2008) was \$A0.0239 per option vesting immediately. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.20
Weighted average life of options:	4.69 years
Underlying share price:	\$ A 0.045
Expected volatility:	100%
Risk free interest rate:	5.91%

During the year ended 30 June 2008 the Company granted the following options to Directors, key management personnel and staff.

3,000,000 unlisted options to Directors, at an exercise price of \$A 0.30 each and expiring on 22 August 2011. The fair value of the options at the grant date (30 November 2007) was \$A 0.1034 per option vesting immediately. The fair value of the options has been calculated using the Black-Scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	3.73 years
Underlying share price:	\$ A 0.17
Expected volatility:	100%
Risk free interest rate:	6.3%

500,000 unlisted options to a Director, at an exercise price of \$A0.30 each and expiring on 22 August 2011. The fair value of 250,000 options at the grant date (20 December 2007) was \$A0.0901 per option vesting over a 12 month period and the fair value of the other 250,000 options with the

same grant date was \$A 0.0901 per option vesting over a 24 month period. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A0.30	\$ A0.30
Weighted average life of options:	2.67 years	1.67 years
Underlying share price:	\$ A0.155	\$ A 0.155
Expected volatility:	100%	100%
Risk free interest rate:	6.3%	6.3%

50,000 unlisted options to staff, at an exercise price of \$A0.30 each and expiring on 22 August 2011. The fair value of the options at the grant date (15 August 2007) was \$A 0.1526 per option vesting over a 3 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	3.77 years
Underlying share price:	\$ A 0.23
Expected volatility:	100%
Risk free interest rate:	6.3%

50,000 unlisted options to staff, at an exercise price of \$A 0.30 each and expiring on 22 August 2011. The fair value of the options at the grant date (15 August 2007) was \$A 0.1481 per option vesting over 6 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	3.52 years
Underlying share price:	\$ A 0.23
Expected volatility:	100%
Risk free interest rate:	6.3%

100,000 unlisted options to staff, at an exercise price of \$A 0.30 each and expiring on 22 August 2011. The fair value of the options at the grant date (29 October 2007) was \$A 0.1647 per option vesting over 3 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	3.32 years
Underlying share price:	\$ A 0.255
Expected volatility:	100%
Risk free interest rate:	6.3%

100,000 unlisted options to staff, at an exercise price of \$A 0.30 cents each and expiring 22 August 2011. The fair value of the options at the grant date (29 October 2007) was \$A 0.1533 per option vesting over a 6 month period from the date of grant. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	2.81 years
Underlying share price:	\$ A 0.255
Expected volatility:	100%
Risk free interest rate:	6.3%

375,000 unlisted options to staff, at an exercise price of \$A 0.30 each and expiring 22 August 2011. The fair value of the options at the grant date (8 May 2008) was \$A 0.0888 per option vesting immediately. The fair value of the options has been calculated using the Black-scholes option pricing model as follows:

Weighted average exercise price:	\$ A 0.30
Weighted average life of options:	3.29 years
Underlying share price:	\$ A 0.16
Expected volatility:	100%
Risk free interest rate:	6.3%

Summary of options granted under share incentive arrangements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued to directors and employees during the year.

	9/2010 No.	9/2010 WAEP	2010 No.	2010 WAEP	2009 No.	2009 WAEP	2008 No.	2008 WAEP
		\$US		\$A		\$A		\$A
Outstanding at the beginning of the year/period	18,050,000	0.20	14,200,000	0.25	9,575,000	0.28	6,000,000	0.27
Granted during the year/period	1,430,000	0.28	3,850,000	0.17	4,850,000	0.20	4,175,000	0.30
Forfeited during the year/period	(75,000)	0.17	—	—	(225,000)	0.30	(225,000)	0.20
Forfeited during the year/period	(145,000)	0.15	—	—	—	—	(375,000)	0.30
Forfeited during the year/period	(300,000)	0.25	—	—	—	—	—	—
Exercised during the year/period	—	—	—	—	—	—	—	—
Expired during the year/period	—	—	—	—	—	—	—	—
Outstanding at end of year/period	<u>18,960,000</u>	<u>0.20</u>	<u>18,050,000</u>	<u>0.23</u>	<u>14,200,000</u>	<u>0.25</u>	<u>9,575,000</u>	<u>0.28</u>

The number of exercisable options at 30 September 2010 is 13,825,000.

The remaining contractual life for the share options outstanding is between 1 and 4 years (2010: 1 and 4 years, 2009: 1 and 5 years). The range of exercise prices for options outstanding at 30 September 2010 was \$US 0.15 to \$US0.28 (2010: \$A 0.17-0.30 2009: \$A 0.20-0.30). The fair value of options granted and expensed during the period ended 30 September 2010 was \$US 98,050 (2010: \$A75,543, 2009:\$A157,628).

The expected life of the options is based on historical data and does not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. The fair value of the options is expensed over the vesting period.

Quarter ended		Year ended 30 June		
30-Sep-10	30-Sep-09	2010	2009	2008
\$US	\$A	\$A	\$A	\$A
(unaudited)	(unaudited)			

9. Auditors remuneration

The auditor of Mawson West Limited is Stantons International

Amounts received or due and receivable by Stantons International in relation to audit services	56,751	14,269	57,076	51,264	25,000
Amounts received or due and receivable by Stantons International in relation to non-audit services	6,375	—	42,143	—	8,668
Amounts received or due and receivable by BDO Spencer Stewart for Central Africa Resources	—	—	—	12,741	—
	<u>63,126</u>	<u>14, 269</u>	<u>99,219</u>	<u>64,005</u>	<u>33,668</u>

10. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at balance date

Cash at bank and on hand	<u>6,891,227</u>	<u>3,035,045</u>	<u>7,183,564</u>	<u>2,742,439</u>	<u>1,281,671</u>
	<u>6,891,227</u>	<u>3,035,045</u>	<u>7,183,564</u>	<u>2,742,439</u>	<u>1,281,671</u>

11. Trade and other receivables

Trade and other receivables	<u>2,013,796</u>	<u>70,037</u>	<u>387,116</u>	<u>1,200,073</u>	<u>81,300</u>
---------------------------------------	------------------	---------------	----------------	------------------	---------------

- (i) Trade and other receivables are non interest bearing. An allowance for doubtful debts is made where there is objective evidence that a trade receivable is impaired. Other receivables includes amounts due that are subject to change based on future metal prices. At 30 September 2010 the amount subject to variation was valued at \$US175,434.
- (ii) Other classes within trade and other receivables do not contain impaired assets and are not past due.

12. Inventories

Copper silver concentrate	1,455,117	—	—	—	—
Consumables and spares	<u>1,345,964</u>	—	<u>639,365</u>	—	—
	<u>2,801,081</u>	—	<u>639,365</u>	—	—

	Quarter ended		Year ended 30 June		
	30-Sep-10	30-Sep-09	2010	2009	2008
	\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
13. Other financial assets					
Current					
Investment — Listed shares	—	—	—	225,000	—
Other	351,496	—	—	—	—
	<u>351,496</u>	<u>—</u>	<u>—</u>	<u>225,000</u>	<u>—</u>
Non current					
Mining bonds ⁽ⁱ⁾	368,410	—	430,229	—	—
Hedge margin account	1,050,000	—	—	—	—
Investment — Listed shares	—	—	—	—	348,479
	<u>1,418,410</u>	<u>—</u>	<u>430,229</u>	<u>—</u>	<u>348,479</u>
(i) Mining bonds are bank guarantees held in relation to tenements held in the Democratic Republic of Congo with a local financial institution.					
14. Capitalised re-furbishment costs					
Opening balance: net of accumulated amortisation and impairment . .	2,130,234	—	—	—	—
Additions	305,237	—	2,487,687	—	—
Amortisation charge for the period	(313,173)	—	—	—	—
Closing balance: net of accumulated amortisation and impairment . .	<u>2,122,298</u>	<u>—</u>	<u>2,487,687</u>	<u>—</u>	<u>—</u>
Balance at beginning of year/period					
Cost	2,130,234	—	—	—	—
Accumulated amortisation and impairment	—	—	—	—	—
Net carrying amount	<u>2,130,234</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance at end of year/period					
Cost	2,435,471	—	2,487,687	—	—
Accumulated amortisation and impairment	(313,173)	—	—	—	—
Net carrying amount	<u>2,122,298</u>	<u>—</u>	<u>2,487,687</u>	<u>—</u>	<u>—</u>
15. Exploration Assets					
Costs brought forward	25,535,732	1,655,010	1,655,010	1,685,569	2,623,357
Less cost of JV tenement sold	—	—	—	(8,141)	—
Less cost of tenements surrendered	—	—	(138,095)	(22,419)	—
Exploration assets acquired from business combination	—	—	24,401,070	—	—
Exploration assets acquired from JV	—	—	1,622,498	—	—
Expenditure during the period	937,087	—	2,253,028	2,468,950	3,127,098
Expenditure written off	—	—	(1,847,692)	(2,468,949)	(4,064,886)
Foreign exchange gain	65,090	—	1,874,809	—	—
Costs carried forward	<u>26,537,909</u>	<u>1,655,010</u>	<u>29,820,628</u>	<u>1,655,010</u>	<u>1,685,569</u>

The ultimate recoupment of acquisition costs carried forward is dependent on the successful development, commercial exploitation or sale of the respective tenements. Some of the economic entity's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

	Quarter ended		Year ended 30 June		
	30-Sep-10	30-Sep-09	2010	2009	2008
	\$US (unaudited)	\$A (unaudited)	\$A	\$A	\$A
16. Plant and equipment					
Opening balance: net of accumulated depreciation and impairment . .	3,949,576	281,712	281,712	295,315	301,119
Additions	564,143	51,298	343,704	156,345	95,482
Assets in acquired subsidiaries	—	—	3,783,871	—	—
Foreign exchange differences	—	—	330,735	(45,740)	8,262
Depreciation charge for the period	(595,217)	(28,748)	(127,707)	(124,208)	(109,548)
Closing balance: net of accumulated depreciation and impairment . .	3,918,502	304,262	4,612,315	281,712	295,315
Balance at beginning of year/period					
Cost	4,298,149	561,068	561,068	470,845	364,560
Accumulated depreciation and impairment	(348,573)	(279,356)	(279,356)	(175,530)	(63,441)
Net carrying amount	3,942,576	281,712	281,712	295,315	301,119
Balance at end of year/period					
Cost	4,862,292	613,775	5,019,378	561,068	470,845
Accumulated depreciation and impairment	(943,790)	(309,513)	(407,063)	(279,356)	(175,530)
Net carrying amount	3,918,502	304,262	4,612,315	281,712	295,315
17. Trade and other payables					
Trade payables and accruals	3,162,223	408,262	1,052,632	577,871	417,643
Trade payables are non interest bearing payables and are normally settled on 30 day terms					
18. Provisions					
Current					
Employee current entitlements to annual leave	118,520	43,908	102,493	43,908	42,754
Provision for loss on derivative instruments	530,500	—	—	—	—
	649,020	43,908	102,493	43,908	42,754
Non Current					
Rehabilitation provision*	1,112,164	—	1,298,785	—	—
* Relates to the estimated rehabilitation costs of the Dikulushi mine site					
19. Contributed Equity					
329,408,441 fully paid ordinary shares	\$US 51,592,255				

	<u>\$A</u>	<u>Cents \$A</u>	<u>Number</u>
Movement in ordinary shares on issue			
At 1 July 2007	21,235,568		108,397,297
Share Placement 22 February 2008	2,000,000	16.0	12,500,000
Capital raising costs	(95,200)		—
At 1 July 2008	23,140,368		120,897,297
Share Placement — July/August 2008	7,000,000	21.0	33,333,334
Shares in lieu of exploration payments	8,190	3.4	242,808
Capital raising costs	(358,749)		—
At 1 July 2009	29,789,809		154,473,439
Shares issued for cash consideration — November 2009	3,309,872	16.6	19,894,955
Shares issued in lieu of expenses	149,122	16.3	915,000
Shares issued for cash consideration — November 2009	6,207,300	16.9	36,666,667
Issued to acquire mineral interests — April 2010	11,836,243	16.2	73,070,000
Issued to acquire interests in mineral tenements — April 2010 (Note 32)	1,622,498	16.2	10,000,000
Shares issued pursuant to share purchase plan — June 2010*	—	—	9,900,000
Shares issued for cash consideration — June 2010	1,495,350	34.1	4,384,775
Capital raising costs	(675,460)	—	—
At 30 June 2010	53,734,734		309,304,836
Shares to be issued at 30 June 2010	1,025,145	33.7	3,039,280
Total equity at 30 June 2010	54,759,879		312,344,116
	<u>\$US</u>	<u>\$US</u>	
Conversion to \$US	46,891,487		
Shares issued for cash	4,191,813	28.45	14,733,096
Shares issued in lieu of payments to employees	116,430	28.50	408,479
Shares issued to employees payable in installments	479,709	28.26	1,697,750
Capital raising costs met by issue of options	(87,184)		—
Shares issued pursuant to employee share purchase plan*	—		1,575,000
Shares cancelled pursuant to employee share purchase plan*	—		(1,350,000)
	51,592,255		329,408,441

* These shares are issued/cancelled to directors and employees pursuant to Share Purchase Plan financed through limited recourse loans.

	<u>Quarter ended</u>		<u>Year ended 30 June</u>		
	<u>30-Sep-10</u>	<u>30-Sep-09</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	<u>\$US</u>	<u>\$A</u>	<u>\$A</u>	<u>\$A</u>	<u>\$A</u>
	(unaudited)	(unaudited)			
20. Reserves					
Share option reserve	1,801,527	1,471,894	1,887,507	1,471,894	1,314,266
Share equity reserve	667,465	—	622,141	—	(92,480)
Foreign currency translation reserve	1,552,826	(328,676)	1,735,785	(319,269)	(139,261)
	<u>4,021,818</u>	<u>1,143,218</u>	<u>4,245,433</u>	<u>1,152,625</u>	<u>1,082,525</u>
Movement in share option reserve					
At the start of the year/period	1,616,293	1,471,894	1,471,894	1,314,266	747,483
Reversal of options expensed on prior period	—	—	—	(3,195)	—
Options issued by subsidiary company	—	—	267,000	—	—
Options issued to as capital raising costs	—	—	146,000	—	—
Transfer of non-controlling interest portion of value of options issued by subsidiary company on reduction of the shareholding in the subsidiary	—	—	(72,931)	—	—
Capital raising costs met by issue of options	87,184	—	—	—	—
Options issued to employees and directors	98,050	—	75,544	160,823	566,783
At the end of the year/period	<u>1,801,527</u>	<u>1,471,894</u>	<u>1,887,507</u>	<u>1,471,894</u>	<u>1,314,266</u>

Share Options

At 30 September 2010 there were the following unlisted options over unissued fully paid ordinary shares on issue:

- 1,850,000 employee options exercisable at \$A 0.20 per option before 22 August 2011.
- 7,200,000 employee options exercisable at \$A 0.30 per option before 22 August 2011.
- 4,775,000 employee options exercisable at \$A 0.20 per option before 22 August 2013.
- 3,000,000 options exercisable at \$US 0.15 per option before 20 October 2011
- 3,700,000 employee options exercisable at \$US 0.15 per option before 8 April 2015
- 1,430,000 employee options exercisable at \$CAD 0.30 per option before 8 April 2015
- 866,667 options exercisable at \$CAD 0.30 per option before 16 September 2012

	Quarter ended		Year ended 30 June		
	30-Sep-10	30-Sep-09	2010	2009	2008
	\$US	\$A	\$A	\$A	\$A
	(unaudited)	(unaudited)			
Movement in share equity reserve					
At the start of the year/period	532,747	—	—	(92,840)	—
Implied option value on issue of shares pursuant to Share Purchase Plan financed by way of limited recourse loans	154,138	—	590,589	—	—
Portion of implied option value of value of shares issued pursuant to Share Purchase Plan subject to key performance indicators and expensed over a period of time	4,380	—	31,552	—	—
Shares held as available for sale	—	—	—	92,840	(92,840)
Reversal of portion of implied option value of value of shares issued pursuant to Share Purchase Plan subject to key performance indicators and expensed over a period of time due to cancellation of shares.	(23,800)	—	—	—	—
At the end of the year/period	<u>667,465</u>	<u>—</u>	<u>622,141</u>	<u>—</u>	<u>(92,840)</u>
Foreign currency translation reserve					
At the start of the year/period	1,486,372	(319,269)	(319,269)	(139,261)	(26,514)
Translation differences	86,885	(9,407)	2,055,054	(180,008)	(112,747)
Non-controlling interests portion of foreign currency translation reserve	(20,431)	—	—	—	—
At the end of the year/period	<u>1,552,826</u>	<u>(328,676)</u>	<u>1,735,785</u>	<u>(319,269)</u>	<u>(139,261)</u>

21. Accumulated Losses

Movements in accumulated losses were as follows:

At the start of the year/period	(16,329,014)	(25,459,979)	(25,459,979)	(20,990,956)	(15,440,488)
Gain on reduction in shareholding in subsidiary company	—	—	61,426	—	—
Net Profit/(Loss) for the period	<u>(835,945)</u>	<u>(860,864)</u>	<u>6,329,529</u>	<u>(4,469,023)</u>	<u>(5,550,468)</u>
At the end of the year/period	<u>(17,164,959)</u>	<u>(26,320,843)</u>	<u>(19,069,024)</u>	<u>(25,459,979)</u>	<u>(20,990,956)</u>

22. Non-controlling interests

Movements in non-controlling interests were as follows:

At the start of the year/period	2,714,725	—	—	—	—
Non-controlling interest arising on reduction in shareholding in subsidiary company	—	—	215,505	—	—
Share of foreign currency translation reserve borne by non-controlling interests	20,431	—	—	—	—
Interests arising on acquisition of subsidiary	—	—	2,954,751	—	—
Portion of result for the year/period	<u>37,042</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At the end of the year/period	<u>2,772,198</u>	<u>—</u>	<u>3,170,256</u>	<u>—</u>	<u>—</u>

	Quarter ended		Year ended 30 June		
	30-Sep-10 \$US (unaudited)	30-Sep-09 \$A (unaudited)	2010 \$A	2009 \$A	2008 \$A
23. Earnings per share					
Basic earnings per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.					
The following reflects the income and share data used in the basic loss per share computations:					
Net profit/(loss) attributable to equity holders of the parent	(835,945)	(860,864)	6,329,529	(4,469,023)	(5,550,468)
Basic earnings/(loss) per share	(0.25)	(0.56)	3.10	(2.96)	(4.92)
	No. 000's	No. 000's	No. 000's	No. 000's	No. 000's
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic loss per share					
	329,991	154,473	204,384	151,038	112,815

Diluted earnings per share is not shown as no options were dilutive during the year/period.

24. Reconciliation of net

Profit/(loss) after tax to net cash flows from operations

Net Profit/(loss)	(835,945)	(860,864)	6,281,529	(4,469,023)	(5,550,468)
Adjustments for:					
Depreciation and amortisation	908,390	28,748	127,707	124,208	109,548
Decrease in market value of investments	—	—	—	7,500	—
Gain on acquisition of subsidiary	—	—	(12,915,206)	—	—
Profit on sale of investments and tenements	—	(6,864)	(7,896)	(364,847)	167,783
Non-controlling interests	37,042	—	—	—	—
Expenses settled by issue of shares	116,430	—	—	—	—
Exploration expenditure expensed	—	—	1,847,692	2,468,949	4,064,886
Exploration tenement write off	—	—	138,095	—	111,129
Increase in provisions	560,869	—	59,035	—	96,194
Equity based payments	232,768	—	1,026,043	157,628	566,783
Foreign exchange (loss)/gain	21,795	(9,407)	(73,613)	(134,267)	(42,909)
(Increase)/decrease in assets:					
Current receivables	(1,554,090)	1,130,036	812,957	(1,118,776)	(36,716)
Inventories	(2,253,586)	—	(639,365)	—	—
Increase/(decrease) in liabilities:					
Current payables	2,260,843	(169,609)	474,760	161,382	307,982
Cash from /(used) in operating activities	(505,484)	112,040	(2,868,262)	(3,167,246)	(205,788)

Non-cash transactions

During the period ended 30 September 2010 the Company granted limited recourse loans to the value of \$US343,500 to employees to allow them to purchase 1,575,000 shares pursuant to the Company's Share Purchase Plan, cancelled limited recourse loans previously granted pursuant to the Company's Share Purchase Plan to the value of \$US202,500 and cancelled the related 1,350,000 shares, issued 408,479 shares in satisfaction of amounts due to employees to the value of \$US 31,026 and to a director to the value of \$US85,404, granted loans of \$US 479,709 repayable in instalments over a 12 month period to employees to allow them to purchase 1,697,750 shares, issued 1,430,000 options exercisable at \$CAD 0.30 prior to 8 April 2015 to employees, and issued 866,667 options exercisable at \$CAD 0.30 prior to 16 September 2012 as part of capital raising costs.

During the year ended 30 June 2010 the Company issued 73,070,000 shares to Anvil Mining Ltd as consideration for the purchase of subsidiaries whose principal assets are mineral tenements in the Democratic Republic of Congo. During the year the Company also issued 10,000,000 shares to Anvil Mining Ltd as part of the farm-in agreement for the Kapulo project.

During the year ended 30 June 2010 the Company granted limited recourse loans to the value of \$US 1,485,000 to directors and employees to allow them to purchase 9,900,000 shares pursuant to the Company's Share Purchase Plan, granted 915,000 shares for nil consideration to nominees of two

directors as additional remuneration, issued 3,845,000 options exercisable at \$US 0.15 prior to 8 April 2015 to employees and issued 3,000,000 options exercisable at \$US 0.15 prior to 20 October 2011 as part of capital raising costs.

During the year ended 30 June 2010 a subsidiary company issued 5,000,000 options exercisable at \$A0.30 cents per share prior to 22 April 2015.

During the year ended 30 June 2009, the company granted 4,850,000 unlisted options to directors and staff at an exercise price of \$A 0.20. The fair value of the options has been calculated using the Black-Scholes pricing model.

25. Commitments and contingencies

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure commitments as specified by the State Government. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the company. The minimum exploration tenement commitments will be reduced should the Group enter into a joint venture on the tenements or extinguished should the tenement be abandoned because the directors decide that the project is not commercial.

The Group has certain minimum obligations in pursuance of the terms and conditions of mining tenement licences in the forthcoming year. All of the mining tenements to which minimum expenditure requirements apply are owned by Orrex Resources Ltd. As detailed in Note 30, subsequent to 30 September 2010, Orrex Resources Ltd ceased to be a subsidiary company and accordingly the Group no longer is liable for the minimum expenditure commitments as specified by the State Government.

The commitment for the lease for the Company's office space is \$A152,000 per annum and is ongoing.

The Group has received ambit claims from Congolese authorities for purported taxes owed and penalties thereon. The Group considers that that no significant amounts are owed and is vigorously defending this position.

The Group has also entered into hedging contracts as disclosed in note 30.

The employment contracts of D Frances, G Zamudio and J Asquith provide for termination payments of 2 years total salary for D Frances and one year's salary for each of G Zamudio and J Asquith in the event of a change of control, merger, amalgamation or similar event.

26. Interests in jointly controlled operations

Details of the economic entity's interest in joint venture operations are as follows:

<u>Joint Venture</u>	<u>Principal Activity</u>	<u>Ownership Interest</u>			
		<u>9/2010</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Kapulo	Copper	—	—	65%	65%
	Gold & base	100% diluting	100% diluting	100% diluting	100% diluting
Kiaby Well	metals	to 40%	to 40%	to 40%	to 40%

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for sharing of exploration costs and do not in themselves generate revenues or profits.

On 1 December 2003, the Company entered into a joint venture agreement with Crusader Holdings NL by which that company can earn 60% equity in the Company's Kirby Well tenement by spending a minimum of \$300,000 over three years after the tenement is granted and meeting DMPR requirements on the tenement. Crusader Holdings NL rights were transferred to Silver Swan Group Ltd.

On 13 April 2006, the Company entered into an agreement with Anvil Mining Limited enabling it to earn a 65% interest in a large contiguous tenement package that straddles the border between Zambia and the Democratic Republic of Congo (DRC) in Central Africa. The earn in was staged over a period of 4 years with the Company able to gain 51% and control of the project by spending \$US 2.0 million and 65% by spending \$US 4.0 million. The Company acquired all of the interests of Anvil Mining Limited in the project in April 2010 and terminated the Joint Venture.

27. Controlled Entities

<u>Name of entity</u>	<u>Country of Incorporation</u>	<u>9/2010</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Parent entity					
Mawson West Ltd	Australia				
Controlled entity					
Orrex Resources Ltd	Australia	72.7%	72.7%	100%	100%
Central Africa Resources Pty Ltd	Australia	100%	100%	100%	100%
Central Africa Resources Ltd	Zambia	100%	100%	100%	100%
Central Africa Resources SPRL	DRC	100%	100%	100%	100%
Anvil Mining Congo SARL	DRC	90%	90%	—	—
CMCC Investments Ltd	BVI	100%	100%	—	—
Anvil Mining Zambia Ltd	Zambia	100%	100%	—	—

28. Segment Reporting

The Group has adopted AASB 8 Operating Statements with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The group operates in one operating segment and two geographical segments being mineral exploration in Australia and Africa and this is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources in the Group.

Geographical segments

The Group's geographical segments are determined based on location of the Group's assets.

Period ended 30 September 2010	Australia	Africa	Consolidated
	\$US	\$US	\$US
Revenue			
Income — other	—	6,303,533	6,303,533
Total segment revenue	—	6,303,533	6,303,533
Segment Profit/(Loss)	(1,195,500)	359,555	(835,945)
Income tax expense	—	—	—
Segment loss after income tax expense	(1,195,500)	359,555	(835,945)
Assets			
Segment assets	9,957,308	36,187,411	46,144,719
Liabilities			
Segment liabilities	627,136	4,296,271	4,923,407
Other			
Depreciation and amortisation of segment assets	19,089	889,301	908,390
Year ended 30 June 2010	Australia	Africa	Consolidated
	\$A	\$A	\$A
Revenue			
Income — Other	78,820	—	78,820
Discount on acquisition of business combination	—	12,915,206	12,915,206
Total segment revenue	78,820	12,915,206	12,994,026
Segment Profit/(Loss)	(4,923,569)	11,035,225	6,111,656
Income tax expense	169,873	—	169,873
Segment loss after income tax expense	(4,753,696)	11,035,225	6,281,529
Assets			
Segment assets	9,988,786	35,572,118	45,560,904
Liabilities			
Segment liabilities	395,488	2,058,872	2,454,360
Other			
Depreciation of segment assets	74,867	52,840	127,707
Year ended 30 June 2009			
Revenue			
Income other	556,068	—	556,068
Total segment revenue	556,068	—	556,068
Segment Loss	(2,800,926)	(1,668,097)	(4,469,023)
Income tax expense	—	—	—
Segment loss after income tax expense	(2,800,926)	(1,668,097)	(4,469,023)
Assets			
Segment assets	5,880,205	224,029	6,104,234
Liabilities			
Segment liabilities	585,135	36,644	621,779
Other			
Depreciation of segment assets	40,967	83,241	124,208

Year ended 30 June 2008
Revenue

Income other	145,487	164	145,651
Total segment revenue	145,487	164	145,651
Segment Loss	(4,325,530)	(1,224,938)	(5,550,468)
Income tax expense	—	—	—
Segment loss after income tax expense	(4,325,530)	(1,224,938)	(5,550,468)

Assets

Segment assets	3,420,517	271,817	3,692,334
--------------------------	-----------	---------	-----------

Liabilities

Segment liabilities	435,109	25,288	460,397
-------------------------------	---------	--------	---------

Other

Depreciation of segment assets	82,178	27,370	109,548
--	--------	--------	---------

29. Related Party Disclosures

The wholly-owned group includes the ultimate parent entity in the group and the controlled entities. The ultimate parent entity in the wholly owned group is Mawson West Ltd. During the year the company met expenses of the wholly owned entities, totalling \$US 2,657,412 (2010: \$A8,457,043; 2009: \$A4,029,532; 2008: \$A3,359,670) by way of loan account transactions. The loans are interest-free and have no fixed terms of repayment.

30. Events after the balance sheet date

In November 2010, following the issue of a prospectus, Orrex Resources Ltd issued a total of 20,000,000 shares at \$A 0.20 per share, reducing the Group ownership to 32.8%.

Subsequent to 30 September 2010 and prior to the date of this report the Company has issued 40,000 ordinary shares at \$CAD 0.30 each to an employee funded by an instalment loan and 1,200,000 share options to employees exercisable at \$C0.45 on or before 8 April 2015.

The Group has entered into hedging contracts to fix the price of copper concentrate sold. At the date of this report the Group has the following open hedge positions:

Sold 158t Cu @ \$8,615 Expiry 8 February 2011

Sold 300t Cu @ \$8,948 Expiry 8 March 2011

Sold 300t Cu @ \$9,298 Expiry 22 March 2011

Sold 200t Cu @ \$9,694 Expiry 4 April 2011

At a meeting of shareholders held on 20 January 2011 shareholders approved, inter alia:

- the entry into an Executive Services Agreement with the managing director, David Frances;
- the grant of 130,000 options exercisable at \$C 0.45 each expiring on 22 August 2013 to a Mr Michael Lawlor, a director;
- the extension of option expiry dates from 22 August 2011 to 22 August 2013 for 8,400,000 options held by some directors;
- the consolidation of the share capital of the company on the basis of one new share for every four existing shares, and
- the repeal of the existing constitution and the adoption of a new constitution.

In December 2010 and January 2011 the Company made a Subscription Receipts offering and funds of \$CAD 60,000,000 are currently held by an escrow agent. The funds will become available to the Company only after it has become a listed entity on the Toronto Stock Exchange and 30,000,000 post-consolidation shares may be issued as a result of 1:4 consolidation of capital.

31. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market Risk

(i) Foreign Exchange Risk

The Group operates internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. The Group also has minor exposures to the Congolese Franc and the Zambian Kwacha.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The material foreign exchange exposures on the net monetary position of key group entities against its respective functional currency, expressed in the group's presentation currency is an amount of cash of \$US 96,789 held in \$A by the parent entity creditors of \$US 645,077 denominated in AUD, ZAR, EUR, CAD and CDF. A 10% movement in the \$US:\$A exchange rate would have the profit and loss effect of \$US9,679 in relation to cash and a 10% movement in the \$US exchange rate uniformly against AUD, ZAR, EUR, CAD and CDF would have the profit and loss effect of \$US 64,507 in relation to creditors.

(ii) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position either as available-for-sale or at fair value through profit or loss.

(iii) Interest Rate Risk

The consolidated entity is exposed to interest rate risk as it invests funds at floating interest rates.

Sensitivity analysis has not been performed against movement in interest rates as the exposure is not considered material.

(iv) The Group is exposed to commodity price risk as its major assets are copper exploration assets.

(v) The Group had not entered into hedge arrangements in relation to amounts receivable for sales of silver which are dependent on the price of silver at the time of the receipt of sales proceeds when the shipment reaches the customer's smelter. A variation of \$US1.00 in the price of silver would cause a change in the amount receivable of \$US 58,292.

(b) Credit Risk

There are no significant concentrations of credit risk within the Group.

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure relating to outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The most significant credit exposure relating to receivables is the balance due from LN Metals of \$US1,519,228 in relation to sales of copper and silver concentrate at 30 September 2010.

Except for hedge contracts entered into subsequent to the year end to fix the price of copper concentrate sold, the Group does not have any exposure to any derivative financial instruments.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

(c) Fair Values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

	<u>Average Interest Rate %</u>	<u>Variable Interest Rate \$US</u>	<u>Fixed Interest Rate Maturity Less than 1 Year \$US</u>	<u>Fixed Interest Rate Maturity 1-5 Years \$US</u>	<u>Non Interest Bearing \$US</u>	<u>Total \$US</u>
30 September 2010						
<u>Financial Assets</u>						
Cash and cash equivalents	0.00%	6,981,227	—	—	—	6,981,227
Trade and other receivables	0.00%	—	—	—	2,013,796	2,013,796
Other financial assets	0.00%	—	—	—	1,769,906	1,769,906
		<u>6,981,227</u>	<u>—</u>	<u>—</u>	<u>3,783,702</u>	<u>10,764,929</u>
<u>Financial Liabilities</u>						
Trade and other payables		—	—	—	(3,162,223)	(3,162,223)
Net financial assets/(liabilities)		<u>6,981,227</u>	<u>—</u>	<u>—</u>	<u>621,479</u>	<u>7,602,706</u>
		\$A	\$A	\$A	\$A	\$A
30 June 2010						
<u>Financial Assets</u>						
Cash and cash equivalents	0.00%	7,183,564	—	—	—	7,183,564
Trade and other receivables	0.00%	—	—	—	387,116	387,116
Other financial assets	0.00%	—	—	—	430,229	430,229
		<u>7,183,564</u>	<u>—</u>	<u>—</u>	<u>817,345</u>	<u>8,000,909</u>
<u>Financial Liabilities</u>						
Trade and other payables		—	—	—	(1,052,632)	(1,052,632)
Net financial assets/(liabilities)		<u>7,183,564</u>	<u>—</u>	<u>—</u>	<u>(235,287)</u>	<u>6,948,277</u>
30 June 2009						
<u>Financial Assets</u>						
Cash and cash equivalents	4.5%	2,742,439	—	—	—	2,742,439
Trade and other receivables	2.5%	—	—	—	1,200,073	1,200,073
Other financial assets		—	—	—	225,000	225,000
		<u>2,742,439</u>	<u>—</u>	<u>—</u>	<u>1,425,073</u>	<u>4,167,512</u>
<u>Financial Liabilities</u>						
Trade and other payables		—	—	—	(577,871)	(577,871)
Net financial assets/(liabilities)		<u>2,724,439</u>	<u>—</u>	<u>—</u>	<u>847,202</u>	<u>3,589,641</u>
30 June 2008						
<u>Financial Assets</u>						
Cash and cash equivalents	5.5%	1,281,671	—	—	—	1,281,671
Trade and other receivables	2.5%	—	—	—	81,300	81,300
Other financial assets		—	—	—	348,479	348,479
		<u>1,281,671</u>	<u>—</u>	<u>—</u>	<u>429,779</u>	<u>1,711,450</u>
<u>Financial Liabilities</u>						
Trade and other payables		—	—	—	(417,643)	(417,643)
Net financial assets/(liabilities)		<u>1,281,671</u>	<u>—</u>	<u>—</u>	<u>(12,136)</u>	<u>1,293,807</u>

Reconciliation of net financial assets to net assets

	30 September 2010	30 June 2010	30 June 2009	30 June 2008
	<u>\$US</u>	<u>\$A</u>	<u>\$A</u>	<u>\$A</u>
Net financial assets as above	7,602,706	6,948,277	3,589,641	1,293,807
Non-financial assets & liabilities				
Inventories	2,801,081	639,365	—	
Capitalised re-furbishment costs	2,122,298	2,487,687	—	
Exploration assets	26,537,909	29,820,628	1,655,010	1,685,569
Plant and equipment	3,918,502	4,612,315	281,712	295,315
Provisions	<u>(1,761,184)</u>	<u>(1,401,728)</u>	<u>(43,908)</u>	<u>(42,754)</u>
Net Assets per Statement of Financial Position	<u>41,221,312</u>	<u>43,106,544</u>	<u>5,482,455</u>	<u>3,231,937</u>

32. Business combinations

Summary of acquisitions

During the year ended 30 June 2010 the Company issued 73,070,000 ordinary shares (Note 19) to acquire new subsidiary companies whose principal assets are copper projects in Africa.

At the point where control was obtained, in accordance with AASB 3 “Business Combinations”, Mawson West recognized a gain in its statement of comprehensive income.

(a) Summary of goodwill and discounts on acquisition arising from business combinations.

The provisional goodwill or discount arising on business combinations results when comparing the assessment of the acquired identifiable assets, liabilities and contingent liabilities to the cost of the acquisition. Discounts on acquisition are recognized in the statement of comprehensive income.

Details of the provisional discount on acquisition recognised are as follows:

	2010
	<u>\$A</u>
Fair value of investment acquisition	27,380,902
Attributable to non-controlling interests	<u>(2,629,453)</u>
Group share of net assets	24,751,449
Consideration in shares	<u>(11,836,243)</u>
Discount on acquisition	<u>12,915,206</u>

Summary of assets and liabilities acquired

The fair values of the assets and liabilities arising from the business acquisition are as follows:

Other financial assets	396,613
Exploration assets	24,401,070
Plant and equipment	3,783,871
Re-habilitation liability	<u>(1,200,652)</u>
Net assets acquired	27,380,902
Attributable to non-controlling interests	<u>(2,629,453)</u>
Net assets acquired	<u>24,751,449</u>

The acquiree’s carrying amounts for the assets and liabilities acquired/assumed have not been provided as it is impracticable given that certain accounting records were excluded from the assets acquired.

In accordance with the accounting policy set out in Note 2 (d) the Group elected to recognise the non-controlling interests in Anvil Mining Congo SARL at its proportionate share of the acquired net identifiable assets.

APPENDIX “A”

MAWSON WEST LTD.

AUDIT COMMITTEE CHARTER

CHARTER OF THE AUDIT COMMITTEE

MAWSON WEST LTD. (the “Corporation”)

I. Purpose

The Audit Committee is a committee of the Board of Directors which assists the Board in overseeing the Corporation’s financial controls and reporting and in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Audit Committee’s primary duties and responsibilities are to:

- Oversee: (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements with respect to financial controls and reporting; and (iii) the auditors’ qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation’s independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial reporting and control matters.

II. Composition

Members of the Audit Committee are appointed and removed by the Board of Directors. The Board shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors, each of whom qualifies as an independent director, as determined by the Board¹. All members should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board. All members of the Committee shall be financially literate at the time of their election to the Committee. “Financial literacy” shall be determined by the Board of Directors in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. Committee members, if they or the Board of Directors deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

III. Responsibilities

The responsibilities of the Audit Committee shall generally include, but not be restricted to, undertaking the following:

Selection and Evaluation of Auditors

- (a) Recommending to the Board of Directors the external auditors (subject to shareholder approval) to be engaged to prepare or issue an auditor’s report or performing other audit, review or attest services for the Corporation and the compensation of such external auditors.
- (b) Overseeing the independence of the Corporation’s auditors and taking such actions as it may deem necessary to satisfy it that the Corporation’s auditors are independent within the meaning of applicable securities laws by, among other things: (i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and (ii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors’ independence.
- (c) Instructing the Corporation’s independent auditors that: (i) they are ultimately accountable to the Committee (as representatives of the shareholders of the Corporation); (ii) they must report directly to the Committee; and

¹ Determined in accordance with Multilateral Instrument 52-110 — *Audit Committees*, and subject to such exceptions as may be permitted in accordance with MI 52-110.

- (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors.
- (d) Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required.
- (e) Reviewing and pre-approving all audit and permitted non-audit services or mandates to be provided by the independent auditors to the Corporation or any of its subsidiaries, including tax services, and the proposed basis and amount of the external auditors' fees for such services, and determining which non-audit services the auditors are prohibited from providing (and adopting specific policies and procedures related thereto).
- (f) Reviewing the performance of the Corporation's independent auditors and replacing or terminating the independent auditors (subject to required shareholder approvals) when circumstances warrant.

Oversight of Annual Audit

- (a) Reviewing and accepting, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope, extent and schedule of audit activities, and monitoring such plan's progress and results during the year.
- (b) Confirming through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions are being placed on the scope of the independent auditors' work.
- (c) Reviewing with the external auditors any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditors regarding accounting and financial reporting.
- (d) Reviewing with management and the external auditors the results of the year-end audit of the Corporation, including: (i) the annual financial statements and the audit report, the related management representation letter, the related "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum; and (ii) the qualitative judgments of the independent auditors about the appropriateness and not just the acceptability of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.

Oversight of Financial Reporting Process and Internal Controls

- (a) Reviewing with management and the external auditors the annual financial statements and accompanying notes, the external auditors' report thereon and the related press release, and obtaining explanations from management on all significant variances with comparative periods, before recommending approval by the Board and the release thereof.
- (b) Reviewing with management the quarterly financial statements and any auditors' review thereof before recommending approval by the Board and the release thereof.
- (c) Reviewing and periodically assessing the adequacy of the Corporation's procedures for the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, including reviewing the financial information contained in the annual information form, management proxy circular, management's discussion and analysis, prospectuses and other documents containing similar financial information before their public disclosure or filing with regulatory authorities, including the audit committee's report for inclusion in the Corporation's management information circular in accordance with applicable rules and regulations.
- (d) Periodically reviewing the Corporation's disclosure policy to ensure that it conforms with applicable legal and regulatory requirements.
- (e) Reviewing the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation.

- (f) Monitoring the quality and integrity of the Corporation's disclosure controls and procedures and management information systems through discussions with management and the external auditors.
- (g) Overseeing management's reporting on internal controls and disclosure controls and procedures.
- (h) Reviewing on a regular basis and monitoring the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including hedging policies through the use of financial derivatives.
- (i) Establishing and maintaining free and open means of communication between and among the Board of Directors, the Committee, the Corporation's independent auditors and management.

Other Matters

- (a) Assisting the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements, including meeting with general counsel and outside counsel when appropriate to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.
- (b) Reviewing and approving any transactions between the Corporation and members of management and/or the Board as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors.
- (c) Conducting or authorizing investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties and to set and pay the compensation for these advisors.
- (d) Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (e) Establishing procedures for the review and approval of financial and related information of the Corporation.
- (f) Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (g) Performing such additional activities, and considering such other matters, within the scope of its responsibilities, as the Committee or the Board of Directors deems necessary or appropriate.

IV. Meetings and Advisors

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely manner, but not less than quarterly. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice and waiver thereof.

The Audit Committee shall meet on a regular basis without management or the external auditors. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. As part of its purpose to foster open communications, the Committee shall meet at least annually, and more frequently as required, with management and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The independent auditors will have direct access to the Committee at their own initiative. The Chairman should work with the Chief Financial Officer and management to establish the agenda for Committee meetings.

Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board of Directors.

The Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditors

engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

V. Disclosure of Charter

This charter shall be published in the Corporation's annual information form or information circular as required by applicable securities laws.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Audit Committee.

APPENDIX “B”

MAWSON WEST LTD.

MANDATE OF THE BOARD OF DIRECTORS

MANDATE OF THE BOARD OF DIRECTORS OF

MAWSON WEST LTD. (the “Corporation”)

I. General

The Board of Directors of the Corporation is responsible for the supervision of the management of the Corporation’s business and affairs, with the objective of increasing shareholder value.

The Board shall be constituted with a majority of independent directors, as determined by the Board in accordance with applicable laws. The Board’s independent directors will meet periodically without management and non-independent directors.

Directors are expected to attend all Board meetings and review all meeting materials in advance. They are expected to take an active part in Board decisions.

II. Composition

The Board shall be composed of a minimum of three members and such maximum number of directors as may be determined by the Board from time to time in accordance with the Corporation’s Constitution. The Board shall be constituted with a majority of individuals who qualify as independent directors, as determined by the Board in accordance with applicable laws.

III. Responsibilities

The responsibilities of the Board of Directors shall generally include, but not be restricted to, undertaking the following:

With respect to strategic planning

- (a) Adopting a strategic planning process for the Corporation and approving the Corporation’s long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (b) Approving and monitoring the implementation of the Corporation’s annual business plan.
- (c) Advising management on strategic issues.

With respect to human resources and performance assessment

- (a) Choosing the Chief Executive Officer (“CEO”) and approving the appointment of other senior management executives.
- (b) Monitoring and assessing the performance of the CEO and of senior management and approving their compensation, taking into consideration the recommendations of the Compensation Committee and Board expectations and fixed goals and objectives.
- (c) Monitoring management and Board succession planning processes.
- (d) Monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.
- (e) Approving the list of Board nominees for election by shareholders.

With respect to financial matters and internal control

- (a) Monitoring the integrity and quality of the Corporation’s financial statements and the appropriateness of their disclosure.
- (b) Reviewing the general content of, and the Audit Committee’s report on the financial aspects of, the Corporation’s annual information form, management information circular, management’s discussion and analysis, prospectuses and any other documents required to be disclosed or filed by the corporation before their public disclosure or filing with regulatory authorities.
- (c) Approving operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.

- (d) Determining dividend policies and procedures.
- (e) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (f) Monitoring the Corporation's internal control and management information systems and regulatory certification practices.
- (g) Monitoring the Corporation's compliance with applicable legal and regulatory requirements.
- (h) Reviewing at least annually the Corporation's disclosure policy and monitoring the operation of the disclosure policy.

With respect to corporate governance matters

- (a) Developing the Corporation's approach to corporate governance and reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (b) Taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Corporation.
- (c) Adopting and reviewing, on a regular basis, the Corporation's Code of Ethics and monitoring compliance with such code.
- (d) Taking all reasonable measures to ensure the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.
- (e) Adopting orientation and continuing education programs for directors.

IV. Method of Operation

Meetings of the Board shall be held at least quarterly and as required. In addition, a special meeting of the Board shall be held, at least annually, to review the Corporation's strategic plan. The quorum at any meeting of the Board shall be a majority of directors in office. All such meetings shall be held pursuant to the Constitution of the Corporation with regard to notice and waiver thereof.

The Board chair shall develop the agenda for each meeting of the Board, in consultation with the CEO in the event those two positions are held by separate individuals, or the lead independent director if such a position is held by an independent director. The agenda and the appropriate material shall be provided to directors of the Corporation on a timely basis prior to any meeting of the Board.

Independent directors shall meet periodically without management and other non-independent directors present.

The Board may delegate to a committee of the Board any of the Board's responsibilities and powers as it deems appropriate and in accordance with applicable laws and the Corporation's Constitution.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation.

CERTIFICATE OF THE COMPANY

Dated February 14, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

(Signed) DAVID FRANCES
Managing Director and Chief Executive Officer

(Signed) JONATHAN ASQUITH
Chief Financial Officer and Company Secretary

**On behalf of the Board of Directors of
Mawson West Ltd.**

(Signed) MARK STOWELL
Director

(Signed) ANTHONY LLOYD
Director

CERTIFICATE OF THE AGENTS

Dated February 14, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

CORMARK SECURITIES INC.

(Signed) DARREN WALLACE

RAYMOND JAMES LTD.

(Signed) JOHN WILLETT

PARADIGM CAPITAL INC.

(Signed) ANDREW PARTINGTON

RBC DOMINION SECURITIES INC.

(Signed) GORDON J. BELL

CLARUS SECURITIES INC.

(Signed) JEFF WONG