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This short form prospectus has not been nor will it be approved as a prospectus by the United Kingdom Financial Services Authority (the "FSA") under section 87A of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") and it has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under the FSMA. This short form prospectus and the Offering (as defined below) are only addressed to, and directed at, persons in the United Kingdom who are "qualified investors" within the meaning of Section 86(7) of the FSMA and (i) fall within the categories of persons referred to in Article 19 (Investment Professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or Article 49 (High net worth companies, unincorporated associations, etc.) of that Order; or (ii) to whom they may otherwise lawfully be communicated. See "Plan of Distribution."

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Mawson West Limited at PO Box 1191, West Perth, Western Australia, Australia, 6872, telephone +61 8 9485 9800, and are also available electronically at www.sedar.com.

## SHORT FORM PROSPECTUS

New Issue

December 14, 2012



### MAWSON WEST LIMITED

**\$12,000,000**

**20,000,000 Ordinary Shares**

This short form prospectus qualifies the distribution (the "Offering") of 20,000,000 ordinary shares (the "Offered Shares") of Mawson West Limited ("Mawson West" or the "Company") at a price of \$0.60 per Offered Share (the "Offering Price") pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") dated December 5, 2012 between the Company and Cormark Securities Inc. and Paradigm Capital Inc. (together, the "Lead Underwriters") and Clarus Securities Inc. (together with the Lead Underwriters, the "Underwriters"). The Offering Price has been determined by negotiation between the Company and the Lead Underwriters. See "Plan of Distribution".

**Price: \$0.60 per Offered Share**

	<u>Price to the Public</u>	<u>Underwriters' Commission<sup>(1)</sup></u>	<u>Net Proceeds to the Company<sup>(2)</sup></u>
Per Offered Share.....	\$0.60	\$0.036	\$0.564
Total .....	\$12,000,000	\$720,000	\$11,280,000

- (1) The Company has agreed to pay the Underwriters a cash commission (the "Commission") equal to 6.0% of the gross proceeds from the sale of the Offered Shares, including any Additional Securities (as hereinafter defined) sold pursuant to the exercise of the Over-Allotment Option (as hereinafter defined). The Company will also reimburse the Underwriters for their reasonable out-of-pocket expenses incurred in connection with the Offering, including fees of the Underwriters' legal counsel.

- (2) After deducting the Commission, but before deducting the expenses of the Offering, estimated to be \$350,000, which will be paid by the Company from the proceeds of the Offering. See “Use of Proceeds”.
- (3) The Company has granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part at the discretion of the Lead Underwriters for a period of 30 days from (and including) the Closing Date (as hereinafter defined), to purchase up to an additional 3,000,000 Offered Shares (collectively the “**Additional Securities**”) at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total Price to the Public will be \$13,800,000, the total Underwriters’ Commission will be \$828,000 and the total Net Proceeds to the Company will be \$12,972,000. This short form prospectus also qualifies the distribution of the Over-Allotment Option and the Additional Securities issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires such securities under this short form prospectus regardless of whether the over-allocation is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”. Unless the context otherwise requires, references herein to the “Offering” assume the exercise of the Over-Allotment Option in full and references to “Offered Shares” means the Offered Shares and the Additional Securities.

The Underwriters, as principals, conditionally offer the Offered Shares for sale, subject to prior sale, if, as and when issued by Mawson West and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of Mawson West by Wildeboer Dellelce LLP and on behalf of the Underwriters by Heenan Blaikie LLP. Subject to applicable laws and in connection with the Offering, the Underwriters may effect transactions intended to stabilize or maintain the market price for the Ordinary Shares at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The outstanding ordinary shares of Mawson West (the “**Ordinary Shares**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “MWE”. On December 13, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Ordinary Shares on the TSX was \$0.62. The Offered Shares to be distributed under this short form prospectus have been conditionally approved for listing on the TSX. Listing of the Offered Shares is subject to the Company fulfilling all of the listing requirements of the TSX on or before March 5, 2013.

**An investment in the Offered Shares is highly speculative and involves a high degree of risk. Investors should carefully consider the risk factors described and incorporated by reference in this short form prospectus and should consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of the investment. See “Cautionary Statement Regarding Forward-looking Information” and “Risk Factors”.**

The following table sets out the number of options that have been issued or may be issued by Mawson West in connection with the Offering:

<u>Underwriters’ Position</u>	<u>Maximum Size or Number of Securities Held</u>	<u>Exercise Period or Acquisition Date</u>	<u>Exercise Price or Average Acquisition Price</u>
Over-Allotment Option	3,000,000 Offered Shares	Anytime up to 30 days after the Closing Date	\$0.60 per Offered Share

Subscriptions for the Offered Shares 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. Closing of the Offering is anticipated to occur on or about December 20, 2012 or on such other date as the Underwriters and the Company may agree upon (the “**Closing Date**”), but in any event not later than December 28, 2012 or such other date as the Lead Underwriters and the Company may agree, provided, however, that such date will be no later than 42 days after the date of the receipt for the short form prospectus.

Except as may be otherwise agreed by the Company and the Underwriters, definitive certificates representing the Offered Shares to be issued to purchasers pursuant to the Offering will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Closing Date against payment of the aggregate Offering Price. Purchasers will receive only a customer confirmation or confirmations from the registered dealer through which Offered Shares are purchased. See “Plan of Distribution”.

The Offered Shares may only be sold in those jurisdictions where offers and sales are permitted. This prospectus is not an offer to sell or a solicitation of an offer to buy Offered Shares in any jurisdiction in which it is unlawful.

**An investment in the Offered Shares is subject to certain risks. Prospective investors should carefully consider the risk factors described in this short form prospectus before purchasing the Offered Shares being offered hereunder. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Information”.**

Prospective investors should rely only on the information contained in this short form prospectus and the documents incorporated by reference herein. The Company has not authorized anyone to provide prospective investors with information different from that contained in this short form prospectus and the documents incorporated by reference herein. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or any sale of the Offered Shares.

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

The Company’s head and registered offices are located at Level 1, 1 Walker Avenue, West Perth, Western Australia, Australia, 6005.

**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 and officers 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 enforce judgments obtained in Canada (including judgments made by the Ontario Securities Commission and/or Ontario or federal courts) against the Company or any of its directors or officers, or experts named in this prospectus, residing outside of Canada.**

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### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein contain “forward-looking information” which reflect management’s expectations regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Such forward-looking information may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of copper, the estimation of mineral resources, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or information that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others: general business, economic, competitive, political and social uncertainties; civil unrest; the actual results of current exploration activities; conclusions of economic evaluations; fluctuations in currency exchange rates; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of copper; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; actual results of reclamation activities; 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; 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 Congo; changes in laws or regulations of the Democratic Republic of Congo; future actions by the Government of the Democratic Republic of 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; inability to effect service of process or to enforce judgments within Canada upon and against the directors and officers of the Company and the experts named in this short form prospectus; current global financial conditions; litigation; and the factors discussed in the section entitled "Risk Factors" in this short form prospectus and in the Annual Information Form (as hereinafter defined).

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made based on the opinions and estimates of management as at the date the statements are made, and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable Canadian securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

### TECHNICAL INFORMATION

The scientific and technical information relating to the Dikulushi Mine (as hereinafter defined) contained in this short form prospectus, or incorporated by reference herein, is derived from, and in some instances is an extract from, the technical report on the Dikulushi Mine entitled "Technical Report on the Dikulushi Copper Project, Democratic Republic of Congo" dated February 3, 2011 and revised on March 7, 2011 (the "**Dikulushi Report**"), and prepared for the Company by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat 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 Peter Hayward, Diploma of Metallurgy, FAusIMM of Sedgman Ltd., each of whom was an independent Qualified Person pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") at the time the Dikulushi Report was prepared.

The scientific and technical information relating to the Dikulushi Cutback Project (as hereinafter defined) contained in this short form prospectus, or incorporated by reference herein, is derived from, and in some instances is an extract from, the technical report on the Dikulushi Cutback Project entitled "Technical Report on the Dikulushi Open Pit Project, Democratic Republic of Congo" dated September 16, 2011 (the "**Dikulushi Open Pit Report**"), and prepared for the Company by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat and Andrew Law, HND (MMin), MBA, FAusMM, FIQA, MAICD, both of Optiro Pty Ltd., each of whom was an independent Qualified Person pursuant to NI 43-101 at the time the Dikulushi Open Pit Report was prepared.

The scientific and technical information relating to the Boomgate deposit contained in this short form prospectus, or incorporated by reference herein, is derived from, and in some instances is an extract from, the technical report on the Boomgate deposit entitled "Technical Report on the Boomgate Mineral Resources Estimate, Dikulushi Project, Democratic Republic of Congo" dated December 21, 2011 (the "**Boomgate Report**"), and prepared for the Company by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat of Optiro Pty Ltd., who was an independent Qualified Person pursuant to NI 43-101 at the time the Boomgate Report was prepared.

The scientific and technical information relating to the Kapulo Project (as hereinafter defined) contained in this short form prospectus, or incorporated by reference herein, is derived from, and in some instances is an extract from, the technical report on the Kapulo Project entitled "Kapulo Copper Project, DRC, National Instrument 43-101 Technical Report" dated June 30, 2011 (the "**Kapulo Report**"), and prepared for the Company by Harry Warries, MSc Mine Engineering, FAusIMM, Steve LeBrun, BSc(Hons), MSc, MAusIMM, MMICA and Chris Johns, MSc, P.Eng.(Alberta), CPEng of Coffey Mining Pty Ltd., Peter Hayward, Diploma of Metallurgy, FAusIMM and Aaron Massey, BEng(Chem), MAusIMM of Sedgman Ltd. and Chris Orr, MSc, MAusIMM, MAIG of George, Orr and

Associates (Australia) Pty Ltd., each of whom was an independent Qualified Person pursuant to NI 43-101 at the time the Kapulo Report was prepared.

The technical reports noted above 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.

Reference should be made to the full text of the technical reports noted above, 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](http://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.

Adam Anderson, BSc Hons (Geology), MAusIMM, MAIG of Mawson West, the Company’s internal Qualified Person as defined by NI 43-101, has reviewed and approved the scientific and technical information concerning the Dikulushi Mine and the Kapulo Project disclosed in the Annual Information Form and has confirmed that there has been no change in the mineral resources, mineral reserves or the results of a preliminary economic assessment from the Dikulushi Open Pit Report and the Kapulo Report, respectively, that constitutes a material change in relation to the Company. In addition, the Company has provided an undertaking to the Ontario Securities Commission to file an amended and restated single consolidated version of the Dikulushi Open Pit Report, which superseded the Dikulushi Report, within 30 days of the date of this prospectus consolidating information from those technical reports.

#### **ELIGIBILITY FOR INVESTMENT**

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

Provided that for purposes of the Tax Act the annuitant of an RRSP or RRIF or the holder of a TFSA, as the case may be, deals at arm’s length with the Company for the purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company or a person or partnership with which the Company does not deal at arm’s length for the purposes of the Tax Act, the Offered Shares would not be prohibited investments for such RRSPs, RRIFs and TFSAs, as the case may be, under the Tax Act on the date hereof. Such holders or annuitants to whom Offered Shares may constitute prohibited investments as described above should consult their own tax advisors.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in each of the provinces of Canada other than Québec (the “Commissions”).** Copies of these documents may be obtained on request without charge from the Secretary of the Company at PO Box 1191, West Perth, Western Australia, Australia, 6872 (Telephone +61 8 9321 9669), and are also available electronically under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

The following documents of the Company filed with the Commissions are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- a) the Company's revised annual information form (the "**Annual Information Form**") dated March 29, 2012 for the six month transition financial year ended December 31, 2011;
- b) the audited consolidated financial statements of the Company as at and for the six month transition financial year ended December 31, 2011, together with the auditors' report thereon and the notes thereto;
- c) management's discussion and analysis of financial condition and results of operations of the Company dated March 27, 2012 for the six month transition financial year ended December 31, 2011;
- d) the management information circular of the Company dated April 24, 2012 prepared in connection with the general meeting of shareholders of the Company held on May 29, 2012;
- e) the material change report of the Company dated June 22, 2012 relating to the completion of a US\$30 million debt facility by the Company with RMB Resources Limited;
- f) the material change report of the Company dated July 9, 2012 relating to certain board and management changes including the resignation of David Frances as Chief Executive Officer and the appointments of Mark Stowell as interim Chief Executive Officer, Anthony Lloyd as Chairman and Greg Entwistle as Chief Operating Officer;
- g) the material change report of the Company dated September 26, 2012 relating to the appointment of Bruce McFadzean as Chief Executive Officer and Managing Director of the Company and Mark Stowell stepping down from the position of interim Chief Executive Officer;
- h) the unaudited comparative financial statements of the Company as at and for the three and nine month periods ended September 30, 2012;
- i) management's discussion and analysis of financial condition and results of operations of the Company dated November 14, 2012 for the three and nine month periods ended September 30, 2012; and
- j) the material change report of the Company dated December 10, 2012 relating to the Offering.

**Any documents of the type referred to above (excluding confidential material change reports) or other disclosure documents required to be incorporated by reference into a prospectus filed under National Instrument 44-101 - *Short Form Prospectus Distributions* that are filed by the Company after the date of this short form prospectus and prior to the completion or termination of the Offering, shall be deemed to be incorporated by reference in this short form prospectus. The documents incorporated or deemed to be incorporated by reference in this prospectus contain meaningful and material information relating to the Company and the reader should review all information contained in this short form prospectus and the documents incorporated by reference.**

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not**

be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Information on the website maintained by the Company does not constitute a part of this prospectus.

## THE COMPANY

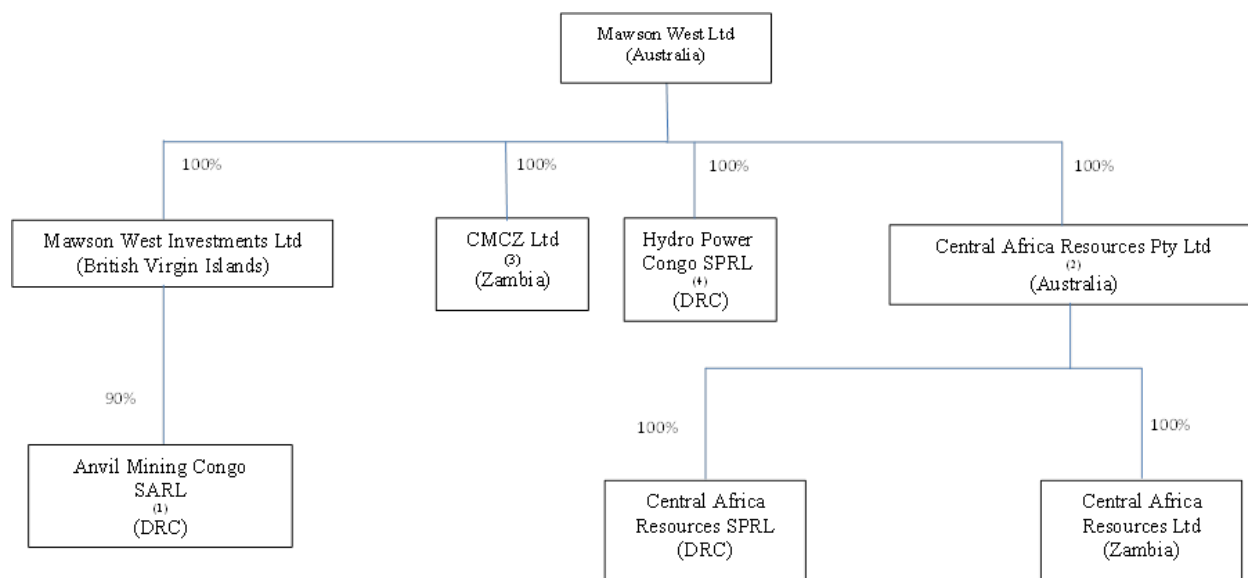
### Name and Incorporation

Mawson West Limited (“**Mawson West**” or the “**Company**”) is incorporated under the *Corporations Act 2001* (Commonwealth of Australia) (the “**Corporations Act**”). The Company was originally incorporated on February 12, 1996 under the name of Pan Asia Mining NL. After a series of name changes, on July 16, 2002, the Company changed its name to Mawson West Limited. The Company was listed on the Australian Securities Exchange (the “**ASX**”) in September 1997 and voluntarily delisted from the ASX in June 2009. The Company was listed on the TSX on March 24, 2011.

The Company’s registered and head offices are located at Level 1, 1 Walker Avenue, West Perth, Western Australia, Australia, 6005. Mawson West also maintains two offices in the Democratic Republic of Congo, one in Lubumbashi and the other in Kinshasa.

### Intercorporate Relationships

The following diagram 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 Non-Profit Organisation in accordance with the terms of the Dikulushi Mining Convention (as hereinafter defined).
- (2) This subsidiary and its 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 West.

- (3) Originally incorporated under the name Anvil Mining Zambia Limited on April 23, 1996. Subsequent to being acquired from Anvil, Anvil Mining Zambia Limited changed its name to CMCZ Limited on November 24, 2011. This subsidiary does not play a material role in the corporate structure of Mawson West.
- (4) This subsidiary was established by the Company to enable it to provide power distribution services in support of the Company's mining interests in the DRC. At present it does not play a material role in the corporate structure of Mawson West.

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

Mawson West also holds a 32.6% interest in Orrex Resources Ltd., 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).

## THE BUSINESS OF THE COMPANY

### *Summary Description of the Business*

Mawson West is an Australian-based copper/silver producer, developer and explorer which has its Ordinary Shares listed on the TSX.

Mawson West's focus is on the Democratic Republic of Congo (the "**DRC**") and its major asset is its ownership of the tenements governed by the Dikulushi Mining Convention, which are held by its 90% owned subsidiary Anvil Mining Congo SARL. Anvil Mining Congo SARL is in the process of being renamed CMCC SARL ("**CMCC**"). Throughout this short form prospectus, any reference to CMCC is a reference to Anvil Mining Congo SARL. The tenements owned by CMCC cover a land package of approximately 7,300 km<sup>2</sup> and encompass 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.

The Dikulushi Mining Convention is a mining concession granted by the Government of the DRC on January 31, 1998 and ratified by Presidential Decree on February 27, 1998, which sets out the regulatory and fiscal regime applicable to CMCC's mining interests in the DRC (the "**Dikulushi Mining Convention**"). Mawson West commenced its activities in the DRC in April 2006 when it entered into a farm-in agreement on the Kapulo Project with Anvil Mining Ltd. ("**Anvil**"), the previous owner of CMCC, which gave Mawson West the right to earn a 65% interest in the Kapulo Project by spending US\$4.0 million on exploration within four years. The Company's subsequent exploration work on the Kapulo Project in 2006, 2007 and the first half of 2008 resulted in Mawson West defining over 200,000 tonnes of contained copper. By October 2008 the Company had completed its required expenditure and earned a 65% interest in the Kapulo Project. In April 2010, the Company acquired Anvil's 90% interest in CMCC, being the registered owner of the tenements governed by the Dikulushi Mining Convention, as well as 100% of Anvil Mining Zambia Ltd (now renamed CMCZ Ltd. ("**CMCZ**")). As CMCC is also the owner of the Kapulo Project, the acquisition of CMCC also resulted in Mawson West increasing its interest in the Kapulo Project from 65% to 90%.

In July 2010, Mawson West began operating the Dikulushi Mine processing plant commencing with treatment of a low-grade stockpile. While the Company was processing the low-grade stockpile, exploration was focusing on defining additional mineral resources within trucking distance of the Dikulushi Mine processing plant. To date, resources have been defined at the Boomgate (depleted) and Kazumbula satellite deposits. A resource estimate is also expected to be completed for the Golfcourse copper-silver deposit during the first quarter of 2013. Infill resource definition drilling continues at the Kabusanje satellite prospect.

Throughout this period, the Company continued with exploration on the Kapulo Project, including infill, metallurgical, hydrogeological and geotechnical drilling, analysis and test work, and regional exploration. In July 2011, following positive feasibility study results as outlined in the Kapulo Report, the Company committed to the development of the Kapulo Project and commenced site earthworks and camp construction at Kapulo shortly thereafter. The feasibility study was prepared by Coffey Mining Pty Ltd. with the participation and contribution of

Sedgman Ltd., and estimated proven and probable mineral reserves of 3.6 Mt at 3.6% Copper (Cu) and 8.3 g/t silver (Ag), at \$2.50/lb Cu (Shaba open cut only).

In August 2011, following positive feasibility study results on the cutback expansion of the Dikulushi Mine (the “**Dikulushi Cutback Project**”) as outlined in the Dikulushi Open Pit Report, the Company committed to the development of the Dikulushi Cutback Project and commenced work on the cutback operations. The feasibility study was reviewed by Optiro Pty Ltd. with the participation and contribution of Sedgman Ltd., and estimated proven and probable mineral reserves of 539 kt at 6.1% Copper (Cu) and 182g/t silver (Ag), at \$3.50/lb Cu and \$30/oz Ag.

In February 2012, processing of the low-grade stockpile was completed. Mining from the Boomgate deposit commenced in January 2012 and was completed in September 2012. The final stockpiled material from Boomgate was processed through the Dikulushi plant in October 2012. The Company has commenced the application process for an exploitation permit for the Kazumbula and Kabusange area.

The economy and political system of the DRC should be considered by investors to be less predictable than those of countries in which investors are likely to be resident. The DRC is a developing nation. Moreover, the DRC has a history of political instability, significant and unpredictable changes in government policies and laws, war and civil conflict, including current civil unrest centred around the city of Goma, which is located approximately 760 km directly north-east of the Kapulo Project (the Company’s operation closest to the affected area), illegal mining activities, lack of law enforcement and labour unrest. Accordingly, the Company’s operations are subject to various increased economic, political and other risks when compared to those countries in which investors are likely to be resident. See “Risk Factors”. The Company has been operating in the DRC since 2006, and its directors and management are experienced with foreign mining operations, are well aware of the risks associated with the Company’s operations in the DRC and continuously monitor developments in the DRC which may impact upon its operations. The Company enjoys good relations with the DRC Government and 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.

#### *Dikulushi Cutback Project Development*

The Dikulushi Cutback Project relates to the exploitation of some of the remaining defined in-situ resource of the Dikulushi ore body by enlarging the existing open pit. With a mine life of between 16 and 18 months, the Dikulushi Cutback Project targets the proven and probable mineral reserves of 539,000 tonnes at 6.1% copper and 182 grams per tonne silver (as calculated in September 2011). The Company is now mining and processing high grade ore from the upper levels of the main ore body. Approximately 17% of this reserve has been depleted.

The Dikulushi Cutback Project involves a conventional open pit, selective mining techniques and utilisation of a mining contractor for the mining works.

As at September 30, 2012, total pre-strip and associated costs for the Dikulushi Cutback Project were US\$60.8 million. The anticipated remaining cost to fully expose the main ore body was US\$7.5 million. See “Use of Proceeds – Business Objectives and Milestones”.

#### *Kapulo Project Development*

The Kapulo Project involves the development of an open cut mine. Proven and probable mineral reserves at Kapulo are 3.6 million tonnes at 3.6% copper and 8.3 grams per tonne silver (Shaba open cut only). According to the definitive feasibility study relating to the Kapulo Project (“**DFS**”) outlined in the Kapulo Report, the average annual production from current reserves was expected to be around 15,800 tonnes copper and 78,000 ounces silver in concentrate, with a life of mine of over 7.5 years, utilizing a plant with a 0.5 million sulphide ore tonnes per annum capacity.

The Kapulo Project DFS was based on a conventional open pit, selective mining techniques and utilisation of a mining contractor for the mining works.

The plant is now being designed and built with a processing capacity of 0.444 million tonnes per annum of oxide material or 0.6 million tonnes per annum of sulphide material based on conventional comminution, flotation and filtration processes using a primary jaw crusher and secondary cone crusher, ball milling and conventional flotation to produce a copper concentrate. It is anticipated that approximately 8% of feed will be oxide ore with copper recoveries of 72% with the remaining 92% of ore being sulphide achieving copper recoveries in the order of 93%. Commensurate with the higher processing rate (0.6 million tonnes per annum), annual copper production is expected to be in the order of 19,500 tonnes with a mine life of 6 years.

Construction on the Kapulo Project is continuing according to a schedule revised to remain in line with projected cash flows from the Dikulushi Cutback Project. Site earth works are now complete at the Kapulo site and civil works are well advanced from the crusher to the grinding circuit. Commissioning is currently scheduled to commence late in the fourth quarter of 2013.

The Company is currently undertaking a review of the Kapulo Project with the objective of reducing total project costs, previously estimated at around US\$105 million. See “Use of Proceeds – Business Objectives and Milestones”.

### *Exploration*

In addition to the Dikulushi Mine and the Kapulo Project, tenements owned by CMCC and governed by the Dikulushi Mining Convention include many prospective copper and copper-silver exploration targets. Approximately two-thirds of this area has now been covered by reconnaissance stage exploration.

Work in the Dikulushi district focused on resource definition at satellite prospects within 15km of the Dikulushi Mine. At the Golfcourse prospect, approximately 1 km from the Dikulushi Mine, a resource estimate is expected to be completed during the first quarter of 2013 and further metallurgical test work and drilling is planned for 2013. This additional test work will investigate the potential to blend the Golfcourse material with other local material sources around Dikulushi.

Mawson West completed 8 HQ diamond holes for 985 meters at the Kinkumbi prospect in the Lufukwe district, 80 km south-southwest of Dikulushi. Stratigraphic and mineralogical work recently completed at Kinkumbi has added significantly to the understanding of the deposit. These results suggest the host unit has a consistent thickness of ~20 meters along the 1500 meters of strike investigated by the recent drilling program, although primary mineralisation was focussed in the lower half of the unit. Oxidation and weathering in the upper 50 to 100 meters are interpreted to have variably leached copper from the host unit. The Kinkumbi prospect remains open along strike in both directions and down-dip and further diamond drilling is planned for 2013. Metallurgical test work on the samples is scheduled to commence in the first quarter of 2013.

The Company’s exploration program is continuing although it has been intentionally slowed during 2012 to remain in line with the projected cash flows from the Dikulushi Cutback Project.

### *Corporate*

On June 14, 2012, Mawson West announced the finalisation of a US\$30.0 million working capital financing facility with RMB Australia Holdings Ltd (“**RMB**”). The Company has drawn down US\$30.0 million under the facility. The facility was used to partly finance development of the Dikulushi Cutback Project, the development of the Kapulo Project and for related corporate purposes.

On June 29, 2012, the Company announced the resignation of Mr. David Frances as President and Chief Executive Officer (“**CEO**”) and the appointment of Mr. Mark Stowell as interim President and CEO. Mr. Anthony Lloyd, the former Deputy Chairman, replaced Mr. Stowell as Chairman of the Board of Directors.

On June 29, 2012, the Company also announced the appointment of Mr. Greg Entwistle as Chief Operating Officer. Mr. Entwistle commenced his employment with the Company on September 3, 2012 and assumed responsibility for the development and operation of all Mawson West projects. Mr. Entwistle has over 30 years of mining industry

experience and a track record in project delivery in Australia and internationally for a number of resource companies, including Newcrest Mining and Agincourt Resources. His experience includes serving as Project Director and Mine Manager at Newcrest Mining's world class Gosowong gold mine for a period of eight years.

In August 2012, the Company obtained an overdraft facility from Banque commerciale du Congo for up to US\$5.0 million, expiring on March 31, 2013.

On October 8, 2012, Bruce McFadzean became Managing Director and CEO of the Company, replacing Mr. Mark Stowell in his capacity as interim President and CEO. Mr. Stowell continues as a director of the Company.

On October 26, 2012, the Company completed a US\$5.0 million extension to its existing US\$30.0 million debt financing facility with RMB. Under the terms of the extension, amounts drawn on this extended facility are repayable in two equal tranches on September 30, 2013 and December 31, 2013. In connection with the extension of the credit facility, RMB was issued 750,000 share purchase warrants having an exercise price of \$1.21 per share. For every US\$1 million drawn down under the facility, RMB is entitled to be issued an additional 250,000 warrants having an exercise price set at a 30% premium to the 10 day volume-weighted average price ("VWAP") of the Ordinary Shares on the TSX on the date of issue. All the warrants have an expiry date of 2 years from their date of issue and are subject to an accelerated exercise requirement if the 5 day VWAP of the Ordinary Shares on the TSX is at any time 100% above the exercise price.

## **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 km<sup>2</sup>), similar in size to Western Europe, and with a population of approximately 70 million people. 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 km from Kinshasa and 325 km (direct line distance) from Lubumbashi, the capital of the province of Katanga. The Kapulo Project is located 124 km 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. He was re-elected as President on November 28, 2011. Presidential, legislative, provincial and local government elections are next due to be held in November 2016.

The political system of the DRC should be considered by investors to be less predictable than that of countries in which investors are likely to be resident. The DRC is a developing nation. Moreover, the DRC has a history of political instability, significant and unpredictable changes in government policies and laws, war and civil conflict, including current civil unrest centred around the city of Goma, which is located approximately 760 km directly north east of the Kapulo Project (the Company's operation closest to the affected area), and lack of law enforcement. The Company has been operating in the DRC since 2006, and its directors and management are experienced with foreign mining operations, are well aware of the risks associated with the Company's operations in the DRC and continuously monitor developments in the DRC which may impact upon its operations. The Company enjoys good

relations with the DRC Government and has been working with the DRC Government, local communities and various non-governmental organizations on programs aimed at social, economic and institutional development.

### *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 West, 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 West 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 West and the DRC Government or that Mawson West'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 or 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, and the planned mining operations at the Kapulo Project will be, 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 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 prevailing DRC tax rate) thereafter. For purposes of this taxation schedule, Dikulushi has been producing for eight and a 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 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 West’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”.

### **CONSOLIDATED CAPITALIZATION**

As at September 30, 2012, the end date of the Company’s most recently completed fiscal quarter, the Company had 144,574,861 Ordinary Shares issued and outstanding (157,428,611 Ordinary Shares on a fully-diluted basis). No changes in the share and loan capital of the Company have occurred since September 30, 2012 other than the following:

- (i) on October 26, 2012 the Company completed a US\$5.0 million extension to its existing US\$30.0 million debt financing facility with RMB and in connection therewith it issued 750,000 warrants to RMB having an exercise price of \$1.21 per share and an expiry date of 2 years from their date of issue, subject to an accelerated exercise requirement if the 5 day volume weighted average price of the Ordinary Shares on the TSX is at any time 100% above the exercise price; and
- (ii) on November 28, 2012, the Company issued 500,000 Ordinary Shares to Bruce McFadzean, the CEO of the Company, at a price of \$0.70 per share based on the volume weighted average price of the Ordinary Shares on the TSX for the 5 day period ending September 18, 2012, the date his employment with the Company was announced, in accordance with the provisions of his employment agreement with the Company dated September 17, 2012 and conditional approval of the TSX received on September 27, 2012. In connection with the issuance of these shares, the Company made an interest free loan to Mr. McFadzean in the amount of \$350,000 to enable him to acquire the shares. The loan is of limited recourse. One-half of the shares are subject to restrictions on transfer for a period of one year and the other half of the shares are subject to restrictions on transfer for a period of two years.

### **USE OF PROCEEDS**

The gross proceeds to the Company from the Offering will be \$12,000,000 and the net proceeds to the Company from the Offering are estimated to be \$10,930,000, after deducting the Commission and the expenses of the Offering (including the out-of-pocket expenses of the Underwriters, the Underwriters’ legal expenses, and the legal and other expenses of the Company), which are estimated to be \$350,000, and in both cases assuming no exercise of the Over-Allotment Option. The Commission and expenses of the Offering will be paid from the proceeds of the Offering.

The net proceeds of the Offering will be used by the Company as a contingency for additional capital expenditures and for working capital as required to complete the development of the Dikulushi Cutback Project or the Kapulo Project in the event any unplanned events impact projected cash flows, as described in “Business Objectives and Milestones” below. In the event that the net proceeds from the Offering are not required for any such contingency, they may be used by the Company to advance Lufukwe and other exploration targets and/or for capital project opportunities.

The table below describes the intended use of the net proceeds from the Offering in order of the Company's priorities:

<b>Use of Proceeds Priority</b>	<b>Description</b>	<b>Amount</b>
Contingency to complete the development of the Dikulushi Cutback Project.	Anticipated remaining cost to fully expose the main ore body of US\$7.5 million as at September 30, 2012.	Up to US\$7.5 million if and as required.
Contingency to complete the development of the Kapulo Project.	Based on previous estimates, total remaining project costs of up to US\$50.3 million as at September 30, 2012 (subject to review with objective of reducing total project costs).	Up to \$10,930,000 if and as required.
Advance Lufukwe and other exploration targets.	In the event proceeds are not required for the contingencies noted above.	Approximately \$10,700,000.

While the Company intends to spend the funds available to it as stated in this short form prospectus, there may be circumstances where, for sound business reasons, an alternate allocation of funds may be necessary or advisable.

### **Business Objectives and Milestones**

Mawson West's principal objectives are to expand copper production at the Dikulushi Mine through the Dikulushi Cutback Project and to commence copper production at the Kapulo Project.

At the Dikulushi Mine, the Company is now mining and processing high grade ore from the upper levels of the main ore body with respect to the Dikulushi Cutback Project. As at September 30, 2012, total pre-strip and associated costs for the Dikulushi Cutback Project were US\$60.8 million. The anticipated remaining cost to fully expose the main ore body was US\$7.5 million.

At the Kapulo Project, construction is continuing according to a schedule revised to remain in line with projected cash flows from the Dikulushi Cutback Project. Commissioning is currently scheduled to commence late in the fourth quarter of 2013. Total project costs have been previously estimated at around US\$105 million. As at September 30, 2012 cumulative development expenditures on the Kapulo Project totalled US\$54.7 million. The Company is currently undertaking a review of the Kapulo Project with the objective of reducing the previously estimated total project costs.

In addition to the material now being processed from the Dikulushi Cutback Project, the Company has generated revenue and cash flow from its activities at the Dikulushi Mine by processing the low-grade stockpile (completed in February 2012) and material from the Boomgate deposit (completed in October 2012). Mawson West's existing cash, available debt facilities and revenue to be generated from material produced from the Dikulushi Cutback Project are expected to provide the Company with sufficient capital to complete the development of the Dikulushi Cutback Project and the Kapulo Project. However, in the event any unplanned events that impact projected cash flows, the net proceeds of the Offering will be used by the Company for additional capital expenditures and working capital as required to complete the development of the Dikulushi Cutback Project and/or the Kapulo Project.

### **PLAN OF DISTRIBUTION**

Pursuant to the terms and conditions of the Underwriting Agreement, Mawson West has agreed to sell and the Underwriters have severally agreed to purchase, as principals, on the Closing Date, 20,000,000 Offered Shares offered hereby at the Offering Price of \$0.60 per Offered Share. The Offering Price was determined by negotiation between Mawson West and the Lead Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated, at their discretion, upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares offered hereby if any of the Offered Shares are purchased under the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters have reserved the right to form a selling group of appropriate registered dealers and brokers, with compensation to be negotiated between the Underwriters and the selling group participants, but at no additional cost to the Company.

The Company has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at the discretion of the Lead Underwriters for a period of 30 days from (and including) the Closing Date to purchase the Additional Securities, being up to an additional 3,000,000 Offered Shares, at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus also qualifies the distribution of the Over-Allotment Option and the Additional Securities issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters' over-allocation position acquires such securities under this short form prospectus regardless of whether the over-allocation is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

For the services provided by the Underwriters in connection with the Offering, the Underwriting Agreement provides for payment of the Commission by the Company to the Underwriters in the amount of 6.0% of the gross proceeds from the Offering, including any proceeds received pursuant to the exercise of the Over-Allotment Option. The Company will also reimburse the Underwriters for their reasonable out-of-pocket expenses incurred in connection with the Offering, including fees of the Underwriters' legal counsel. The Commission and expenses of the Offering will be paid from the proceeds of the Offering.

Pursuant to the Underwriting Agreement, Mawson West has agreed to indemnify the Underwriters and their affiliates, directors, officers and employees against certain liabilities and expenses or contribute to payments that the Underwriters may be required to make in respect thereof.

The Offered Shares to be distributed under this short form prospectus have been conditionally approved for listing on the TSX. Listing of the Offered Shares is subject to the Company fulfilling all of the listing requirements of the TSX on or before March 5, 2013.

Subscriptions for the Offered Shares 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. Except as may be otherwise agreed by the Company and the Underwriters, definitive certificates representing the Offered Shares to be issued to purchasers pursuant to the Offering will be issued in registered form to CDS or its nominee and will be deposited with CDS on the Closing Date. Purchasers will receive only a customer confirmation or confirmations from the registered dealer through which Offered Shares are purchased.

The Company has agreed not to issue any Ordinary Shares or any securities convertible into or exchangeable for or exercisable to acquire Ordinary Shares for a period ending 120 days following the Closing Date without the prior written consent of the Lead Underwriters except that consent will not be required in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements; or (ii) outstanding warrants or warrants issuable to RMB in connection with the Company's financing facility with RMB.

Pursuant to policy statements of certain Canadian securities regulatory authorities, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Ordinary Shares. The foregoing restrictions are subject to certain exceptions, including a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to 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. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Ordinary Shares at levels other than which would otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

## **Australian Matters**

This document has not been prepared in accordance with, and is not a disclosure document for the purposes of, the Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission. This document does not constitute an offer or invitation to purchase Offered Shares in Australia if such an offer would require disclosure to purchasers under Chapter 6D of the Corporations Act. This document is only being and may only be distributed to and directed at (i) persons outside Australia, or (ii) persons in Australia who are: (a) “sophisticated investors” pursuant to section 708(8) of the Corporations Act; (b) “professional investors” pursuant to section 708(11) of the Corporations Act; (c) receiving the offer through a financial services licensee in accordance with section 708(10) of the Corporations Act; or (d) an exempt investor pursuant to any other applicable exemption in section 708 of the Corporations Act (all such persons in paragraphs (a) through (d) above being referred to as “**Exempt Investors**”). The offer made under this document is only capable of being received in Australia by Exempt Investors, and the Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offered Shares will be engaged in only with Exempt Investors. Any person in Australia who is not an Exempt Investor should be aware that the offer under this document is not being made to them and should not act or rely on this document or any of its contents.

## **United States Matters**

The Offered Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered, sold or delivered within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, they will not offer or sell the Offered Shares within the United States. The Underwriting Agreement permits the Underwriters, or their respective U.S. broker/dealer affiliates, (i) to offer and resell Offered Shares purchased from the Company to “qualified institutional buyers”, as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”), in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A, or (ii) offer the Offered Shares to institutional “accredited investors” (that meet the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act) that will purchase Offered Shares from the Company as substituted purchasers pursuant to Rule 506 of Regulation D under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offered Shares in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

## **United Kingdom Matters**

This short form prospectus and the Offering are only addressed to, and directed at, persons in the United Kingdom who are “qualified investors” within the meaning of Section 86(7) of the FSMA and (i) fall within the categories of persons referred to in Article 19 (Investment Professionals) of the Order or Article 49 (High net worth companies, unincorporated associations etc.) of the Order; or (ii) to whom they may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). Any investment or investment activity to which this short form prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this short form prospectus or any of its contents. This short form prospectus contains no offer to the public within the meaning of section 102B of the FSMA or otherwise. This short form prospectus is not a prospectus for the purposes of section 85(1) of the FSMA. Accordingly, this short form prospectus has not been nor will it be approved as a prospectus by the FSA under section 87A of the FSMA and it has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under the FSMA.

## PRIOR SALES

The following table summarizes details of the securities issued by the Company during the 12 month period prior to the date of this short form prospectus.

<u>Date of Issuance</u>	<u>Type of Security</u>	<u>Issue or Exercise Price per Share</u>	<u>Number of Shares Issued of Issuable</u>
February 22, 2012	Options <sup>(1)</sup>	\$2.00	3,375,000
May 21, 2012	Ordinary Shares <sup>(2)</sup>	US\$0.60	25,000
May 21, 2012	Ordinary Shares <sup>(3)</sup>	\$0.92	1,249,050
June 1, 2012	Options <sup>(1)</sup>	\$2.00	200,000
July 25, 2012	Options <sup>(1)</sup>	\$2.00	100,000
July 25, 2012	Options <sup>(1)</sup>	US\$0.60	12,500
October 11, 2012	Options <sup>(1)</sup>	\$2.00	600,000
October 19, 2012	Share Purchase Warrants <sup>(4)</sup>	\$1.21	750,000
November 28, 2012	Ordinary Shares <sup>(5)</sup>	\$0.70	500,000

(1) Options issued to employees pursuant to the Company's Stock Option Plan.

(2) Ordinary Shares issued pursuant to the exercise of employee options.

(3) Ordinary Shares issued to employees pursuant to the Company's Share Bonus Plan.

(4) Warrants issued to RMB in connection with the US\$5.0 million extension of the Company's current US\$30.0 credit facility. See "Consolidated Capitalization".

(5) Ordinary Shares issued to Bruce McFadzean in accordance with the terms of his employment agreement. See "Consolidated Capitalization".

## TRADING PRICE AND VOLUME

The Ordinary Shares are listed and posted for trading on the TSX under the symbol "MWE". The following table sets forth information relating to the trading of the Ordinary Shares on the TSX for the months indicated.

	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Daily Average Volume</u>
December 1 to December 13, 2012	0.83	0.59	54,793
November 2012	1.15	0.65	87,945
October 2012	1.19	0.85	195,079
September 2012	0.94	0.59	139,650
August 2012	0.68	0.52	211,116
July 2012	0.75	0.46	384,958
June 2012	0.95	0.66	30,582
May 2012	1.00	0.80	58,101
April 2012	1.15	0.91	217,744
March 2012	1.60	1.05	145,862
February 2012	1.50	1.19	186,800
January 2012	1.59	0.82	181,300
December 2011	0.84	0.62	40,484

On December 13, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Ordinary Shares on the TSX was \$0.62.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Wildeboer Dellelce LLP, counsel to the Company, and Heenan Blaikie LLP, counsel to the Underwriters, the following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Ordinary Shares by purchasers who acquire Offered 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 Offered Shares as capital property, and deals at arm’s length and is not affiliated with the Company. The Offered Shares will generally be considered capital property to a Holder unless either the Holder holds such Offered Shares in the course of carrying on a business of buying and selling securities or the Holder has acquired the Offered 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 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 Ordinary 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 a Holder that is an individual (other than certain trusts) the gross-up and dividend tax credit rules in the Tax Act will not apply to such dividends. Dividends received by an individual (other than certain specified trusts) may be relevant in computing liability for alternative minimum tax. 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 6 2/3% 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) may be relevant in computing liability for 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 6 2/3% 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 fiscal period disclosing prescribed information. Subject to certain exceptions, a Holder will generally be a specified Canadian entity.

### **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 having regard to all the circumstances 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.

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

## **DESCRIPTION OF THE SECURITIES DISTRIBUTED**

### **Offering**

The Offering consists of 20,000,000 Offered Shares.

### **Authorized Capital**

The authorized share capital of Mawson West consists of an unlimited number of Ordinary Shares. As at December 4, 2012, there were 145,074,861 Ordinary Shares issued and outstanding.

### **Ordinary Shares**

Holders of Ordinary Shares are entitled to receive: (a) notice of and attend at any meeting of the shareholders of the Company except class meetings of other classes of shares and are entitled to one vote for each share held; and (b) dividends in accordance with the Company's dividend policy. Additionally, subject to the rights of holders of any shares ranking prior to the Ordinary Shares, the holders of the Ordinary Shares shall be entitled to receive the remaining property of the Company upon liquidation, dissolution or the winding-up of the Company.

## **DIVIDEND POLICY**

No dividends have been paid by the Company since incorporation. Payment of any dividends will be at the discretion of the Company's Board of Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

## **RISK FACTORS**

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company.

Prospective investors should carefully consider all information contained in this short form prospectus, including all documents incorporated by reference in this short form prospectus, including without limitation, the risk factors under the section entitled "Risk Factors" in the Annual Information Form, which may be accessed at [www.sedar.com](http://www.sedar.com), and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Statements", before deciding to purchase the Offered Shares. Additionally, purchasers should consider the following risk factors.

## **Mining**

The Dikulushi Mine and the Kapulo Project account for all of the Company's mineral resources and reserves. 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 drill holes 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 estimates may differ from actuals 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 West's operations. Should any of these events occur, it would have a material adverse effect on Mawson West'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 and base 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 West'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 West.**

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 West's mineral resources and reserves are estimates only.**

There is no certainty that the mineral resources or any mineral reserves, attributable to Mawson West 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 West conducts mining, development and exploration activities in the DRC. Mawson West'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 West's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on Mawson West'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 West'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 of 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, including current civil unrest centred around the city of Goma, which is located approximately 760 km directly north-east of the Kapulo Project (the Company's operation closest to the affected area), 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 West 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.

**There is no assurance as to Mawson West'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 Company's life-of-mine estimates 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 Cutback Project and the Kapulo Project have an estimated remaining life of 16 to 18 months and 6 years respectively based only on proven and probable 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 West 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 West's current and proposed exploration and mining activities are situated entirely in a single country.**

Mawson West is conducting its exploration, development, and mining activities entirely in the DRC. Mawson West 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 West'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 West'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 West'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 West'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 West relies on its management team, and the loss of one or more of these persons may adversely affect the Company.**

The success of the operations and activities of Mawson West 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. The loss of one or more of these key employees, if not replaced, could adversely affect Mawson West's profitability, results of operations and financial condition.

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

Inferred mineral resources may not 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 West 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 or silver, generate revenue, operate profitably or provide a return on investment in the future. Other factors mentioned in this risk factors section may also prevent Mawson West from successfully operating a mine.

**Mawson West may incur losses in the future.**

The Company has not yet commenced substantial production from the Dikulushi Cutback Project or any production from the Kapulo Project. Accordingly, there can be no assurance that the Company will experience positive operating cash flow and that significant losses will not occur in the near future or that the Company will be profitable in the future.

### **Mawson West may require additional financing**

The Company may require additional financing to further develop its operations and for further acquisitions. 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.

### **Mawson West'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 West 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 West'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 West incurs in its operations.**

The Company's revenue and most of its operating expenses are incurred in United States dollars. From time to time, the Company may borrow funds and may incur capital expenditures that are denominated in foreign currency. Copper is sold throughout the world, based principally on a U.S. dollar price. However, a portion of Mawson West's operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where Mawson West 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 operations and financial position.

**A market for Mawson West's shares may not be sustained.**

The Company has Ordinary Shares currently listed for trading on the TSX. Some shares are also held on the Company's Australian register. However, an active public trading market for the Ordinary Shares may not be sustained. If an active public market for the Ordinary Shares is not sustained, the ability of a purchaser to dispose of the Offered Shares in a timely manner, or at all, may be affected.

**Trading in Mawson West's shares may be volatile.**

The securities of publicly traded companies, particularly those considered to be development stage companies, can experience a high level of price and volume volatility and the value of the Company's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Company and its operating performance, underlying asset values or prospects. These include general worldwide economic conditions, changes in government policies, investor perceptions, movements in global interest rates and global stock markets, variations in the operating costs and costs of capital replacement that the Company may require in the future and all market conditions that are specific to the mining industry. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

**There can be no assurance that Mawson West will ever pay dividends.**

No dividends on the ordinary shares have been declared or paid to date. The Company anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including earnings, operating results, financial condition, current and anticipated cash needs, and any restrictions in financing agreements. There can be no assurance in relation to the payment of dividends.

**The issuance of additional equity by Mawson West may depress its share price and will cause dilution.**

The Company may undertake additional offerings of ordinary shares and of securities convertible into ordinary shares in the future to satisfy financing requirements. Any increase in the number of ordinary shares issued and outstanding and the possibility of sales of such ordinary shares may depress the price of ordinary shares. In addition, as a result of the issuance of any such additional ordinary shares, the Company's existing shareholders would be diluted.

**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 retained by the Company 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. 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 retained by the Company. Moreover, it may not be possible for investors to effect service of process within Canada upon the directors and officers of the Company.

**Use of Proceeds**

The Company currently intends to allocate the proceeds received from the Offering as described under "Use of Proceeds". However, the Company will have broad discretion concerning the specific use of the proceeds as well as the timing of their expenditure. The Company's management may use the proceeds of this Offering in ways not set out in this short form prospectus. Consequently, there will be a reliance on the judgment of management to ensure the most effective application of the proceeds of this Offering, the outcome of which will be uncertain. If the proceeds are not applied effectively, the Company's operations, and results, may suffer.

## **Current Global Financial Conditions**

Current financial conditions globally have been subject to increased volatility. Access to financing has been negatively affected by economic uncertainties resulting from the inability of certain governments to meet their debt payment obligations. These factors may affect the ability of the Company to obtain equity and/or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected and the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner and the ability of the Company to continue as a growing concern.

## **Litigation**

All industries, including the mining industry, are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the course of the Company's business. Such litigation may be brought against the Company or one or more of its subsidiaries in the future from time to time, or the Company or one or more of its subsidiaries may be subject to another form of litigation. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, should a claim be brought against the Company, the process of defending such claims could take away from management time and effort and the resolution of any particular legal proceeding to which the Company or one or more of its subsidiaries may become subject could have a material effect on the Company's financial position and results of operations.

## **LEGAL MATTERS**

Certain legal matters relating to the distribution of the Offered Shares pursuant to this short form prospectus will be passed upon by Wildeboer Dellelce LLP on behalf of the Company and by Heenan Blaikie LLP on behalf of the Underwriters. The partners and associates of each of Wildeboer Dellelce LLP, and Heenan Blaikie LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Ordinary Shares.

## **INTERESTS OF EXPERTS**

Information of a scientific or technical nature regarding the Dikulushi Mine included in this short form prospectus, or incorporated by reference herein, is based upon the Dikulushi Report prepared by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat 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 Peter Hayward, Diploma of Metallurgy, FAusIMM of Sedgman Ltd. As of the date hereof, to the Company's knowledge, none of the above authors nor any of the directors, officers, principals and associates of Optiro and Sedgman Ltd own beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of the Company.

Information of a scientific or technical nature regarding the Dikulushi Cutback Project included in this short form prospectus, or incorporated by reference herein, is based upon the Dikulushi Cutback Report prepared by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat and Andrew Law, HND (MMin), MBA, FAusMM, FIQA, MAICD, both of Optiro Pty Ltd. As of the date hereof, to the Company's knowledge, none of the above authors nor any of the directors, officers, principals and associates of Optiro Pty Ltd own beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of the Company.

Information of a scientific or technical nature regarding the Kapulo Project included in this short form prospectus, or incorporated by reference herein, is based upon the Kapulo Report prepared by Harry Warriess, MSc Mine Engineering, FAusIMM, Steve LeBrun, BSc(Hons), MSc, MAusIMM, MMICA and Chris Johns, MSc, P.Eng.(Alberta), CPEng of Coffey Mining Pty Ltd., Peter Hayward, Diploma of Metallurgy, FAusIMM and Aaron Massey, BEng (Chem), MAusIMM of Sedgman Ltd. and Chris Orr, MSc, MAusIMM, MAIG of George, Orr and Associates (Australia) Pty Ltd. As of the date hereof, to the Company's knowledge, none of the above authors nor any of the directors, officers, principals and associates of Coffey Mining Pty Ltd and George, Orr and Associates

(Australia) Pty Ltd. own beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of the Company.

Information of a scientific or technical nature regarding the Boomgate deposit included in this short form prospectus, or incorporated by reference herein, is based upon the Boomgate Report prepared by David Gray, BSc Hons (Geology), MAusIMM, PrSciNat of Optiro. As of the date hereof, to the Company's knowledge, none of Mr. Gray nor any of the directors, officers, principals and associates of Optiro Pty Ltd own beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of the Company.

The auditors of the Company, Ernst & Young, are independent with respect to the Company in accordance with the requirements of the *Corporations Act 2001* (Commonwealth of Australia) and applicable Australian codes of professional conduct.

The former auditors of the Company, Stantons International Audit and Consulting Pty Ltd., who provided an audit report on the Company's audited comparative financial statements as at and for the financial year ended December 31, 2011, are independent with respect to the Company in accordance with the requirements of the *Corporations Act 2001* (Commonwealth of Australia) and applicable Australian codes of professional conduct.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Ernst & Young, Ernst & Young Building, 11 Mounts Bay Road, Perth, Western Australia, Australia, 6000.

The Company's registrar and transfer agent 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, Australia, 6000 is the Company's registrar and transfer agent in Australia.

#### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in several of the provinces of Canada provides purchasers 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 short form prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE CORPORATION**

Dated: December 14, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(Signed) Bruce McFadzean  
Chief Executive Officer

(Signed) Jonathan Asquith  
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) Anthony Lloyd  
Director

(Signed) Mark Stowell  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: December 14, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

**CORMARK SECURITIES INC.**

By: (Signed) Darren Wallace

**PARADIGM CAPITAL INC.**

By: (Signed) Mario Maruzzo

**CLARUS SECURITIES INC.**

By: (Signed) Rod Campbell