



Mercenary Alert: Mawson Resources Ltd

A Special Alert Musing from Mickey the Mercenary Geologist

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Every good geologist knows that *grade is king*. At a recent investment conference, I saw photos of some of the highest grade rocks ever encountered in surface samples. And that is precisely the reason for a Special Alert Musing. I want to inform my subscribers ASAP about these high grade gold and uranium occurrences and the company that controls them.

The project with all the gaudy high grade is 100% owned by [Mawson Resources Ltd \(MAW.T\)](#), a gold and uranium explorer with both early stage and advanced projects in Finland, Peru and Sweden. I have watched this company from a distance since the uranium boom and bust of 2006-2007 and it always has been on my radar screen. I have a long-standing friendship with the CEO and fellow geologist, Michael Hudson. We first met during respective exploration stints in Peru in the late 1990s and have kept in contact since.

Mawson is well-managed and well-structured. Other people of merit in the company include Directors Mark Saxon and David Henstridge. All three aforementioned geologists are principals of another company that I cover, Tasman Metals Ltd (TSM.V), the Scandinavian rare earth explorer ([Mercenary Musing, May 28, 2010](#)).

In late April of this year, Mawson Resources signed an agreement with uranium giant Areva to acquire 100% of its uranium exploration portfolio in Finland and an extensive exploration database. In turn Areva entered into a private placement and now owns 9.5% of Mawson's outstanding shares with the right to earn 14.5% of the company upon exercise of warrants. In the transaction, Mawson acquired over 16,100 ha of exploration rights in three areas. Finland is a mining friendly jurisdiction with several major mines, new discoveries, a pro-business environment, and a skilled workforce.

Of particular interest is a new discovery, the Rompas property in north-central Finland that was comprised of 123 claim applications totaling nearly 11,900 ha upon acquisition. Mawson has now expanded the land package to 95,000 ha. It is located in an exploration hot spot containing several recent discoveries including Agnico-Eagle's Kittila gold mine, First Quantum's Kevista nickel-copper project, and Anglo American's Moskuvaara copper-nickel discovery:

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Rompas Project, Northern Finland

Bonanza grade gold and uranium mineralization has been discovered at Rompas in nearly 300 outcrop and subcrop occurrences over a large area exceeding six km in strike and 200 m in width that is mostly covered by glacial deposits. Grab samples have run up to *373 ounces per ton gold and 43.6% uranium*. Here's a photo of one of these high grade rocks:



High Grade Gold and Uraninite Sample from Rompas

Because of recent glacial deposits and the resulting paucity of outcrop, the geological setting of Rompas is not well-understood. Host rocks appear to be altered mafic metavolcanics and skarn but presently there are no direct analogies or satisfactory models for the high grade gold-uranium mineralization observed at Rompas.

In a recent press release, Mawson Resources announced completion of the 2010 field exploration program. Over 1300 soil, rock channel, and rock chip samples were taken within the extent of known mineralization and the zone was mapped in detail. A 3200 line-km, helicopter-borne magnetic and radiometric survey was completed over 168 square kilometers and an additional 1000 prospecting samples were procured within the regional project area that now covers 950 square kilometers.

Sample results have been delayed because high radioactivity in many of the samples resulted in shipping difficulties from Europe to Vancouver. This issue now has been resolved and Mawson expects a steady flow of sample results to commence shortly. I expect results to be robust.

Mawson has a well-managed share structure with 49.7 million shares outstanding, and 61.7 million fully diluted. Major shareholders include: Insiders 12%; Pinetree Capital 10%; Areva 9.5%; and a recently announced strategic alliance with the Sentient Group, a global private equity resource fund, at 10%. The retail float is about 28 million shares giving moderate liquidity with over 450,000 shares trading per week over the past three months. The company has a current market cap of about \$50 million and it is cashed-up with \$14 million and \$600,000 in tradable equities. With buzz on the street about Rompas and the recent rise in the spot uranium price, MAW currently is trading near its highest range in over two years:



Mawson Resources has other properties of merit including Alto Quemado, an early stage copper-gold vein and porphyry system situated in the productive porphyry belt of southern Peru, two 43-101 qualified uranium resources in Sweden with 3.3 million and 8.8 million pounds respectively, and a 43-101 uranium resource of 3.3 million pounds in Finland.

However, it is the Rompas project that has garnered my attention and led me to initiate coverage of the company.

Folks, I must caution you that there are only grab samples to date at Rompas. Grab samples are by definition select samples taken by prospectors and geologists not because they are representative but because they can be used to indicate high grade potential or promote a property. That said, the outrageous gold and uranium values certainly made me stand up and take notice.

We'll have to wait for the upcoming channel and chip sample results to see if this project is as prospective as initial grab samples indicate. Then, like all early-stage projects, it must undergo several phases of drilling to ascertain the truth. Drilling will commence once Mawson's claim applications are processed and Finland is notoriously slow in this task. Although the project is located at the Arctic Circle, it is readily accessible with good infrastructure nearby including roads, water, and electricity.

There will be no quick answers or rapid success or failure here. I have speculated in this company at the current range of \$1.00-\$1.10 and view it as a longer term play. I opine that it has a good chance to double in twelve months or less as demanded by my investing philosophy ([Mercenary Musing, May 10, 2010](#)).

You however, must make up your own mind. I urge you, the diligent lay investor, to take a closer look at Mawson Resources Ltd and see if this is a stock that fits your speculating criteria.

Ciao for now,

Mickey Fulp
Mercenary Geologist



The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 30 years experience as an exploration geologist searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey has worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for the past 22 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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