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**Mercenary Alert: Mawson Resources Ltd
Rockin' Results from Rompas and Rajapalot**

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

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I probably sound like a broken record but this statement bears repeating: *Every good geologist knows that grade is king.* When evaluating any metals project, grade is always the best place to start.

I dare you to find a prospect anywhere in the world that can compare with the average grade of surface grab and channel samples from [Mawson Resources Ltd's \(MAW.T\)](#) Rompas project in northern Finland. Its outlandish gold and uranium values, sheer number of occurrences, and widespread location over a 100 square kilometer area are something that exploration geologists have never seen before, anywhere, anyhow, anytime, or anyplace.

That said, there's a lot more to a project and a company than a bevy of high-grade surface samples. In my opinion, Mawson Resources has all the necessary ingredients for both short- and long-term success.

First, let's update the company's progress since my report earlier this year ([Mercenary Alert, January 6, 2012](#)). Additional background can be obtained in a previous musing when coverage was initiated ([Mercenary Alert, November 16, 2010](#)).

2012 has been a very busy year for the management and geologists of Mawson Resources with key milestones achieved on the corporate, exploration, land acquisition, and permitting fronts.

On the corporate side, shareholders effectively received a 20% dividend with the following divestitures in March and May:

- Spin-out of its Scandinavian uranium properties into a reorganized pubco, European Uranium Resources on a 1:5 basis.
- Spin-out of its Peruvian properties into a new pubco, Darwin Resources Ltd on a 1:3 basis.

The exploration program continued this summer with a 12-man crew of geologists, geology students, and geotechnical personnel:

- Mawson drilled an initial core program consisting of 39 shallow holes totaling 4188 meters and tested a strike length of 400 meters to nominal 50 meters depth. within the six kilometer mineralized trend.

This program could only test two small, lower priority targets that were most easily permitted. Highlights included two holes with a six meter intercept of 617 g/t Au and one meter of 114 g/t Au; 12 additional holes hit >0.5 g/t Au over at least one meter.

As of early September reporting, targeting work on the Rompas trend included:

- Geophysics surveying consisting of gradient array induced polarization and resistivity surveys and totaling 62 line-km.
- 1200 soil and rock samples taken on a grid covering the Rompas trend and extensions.

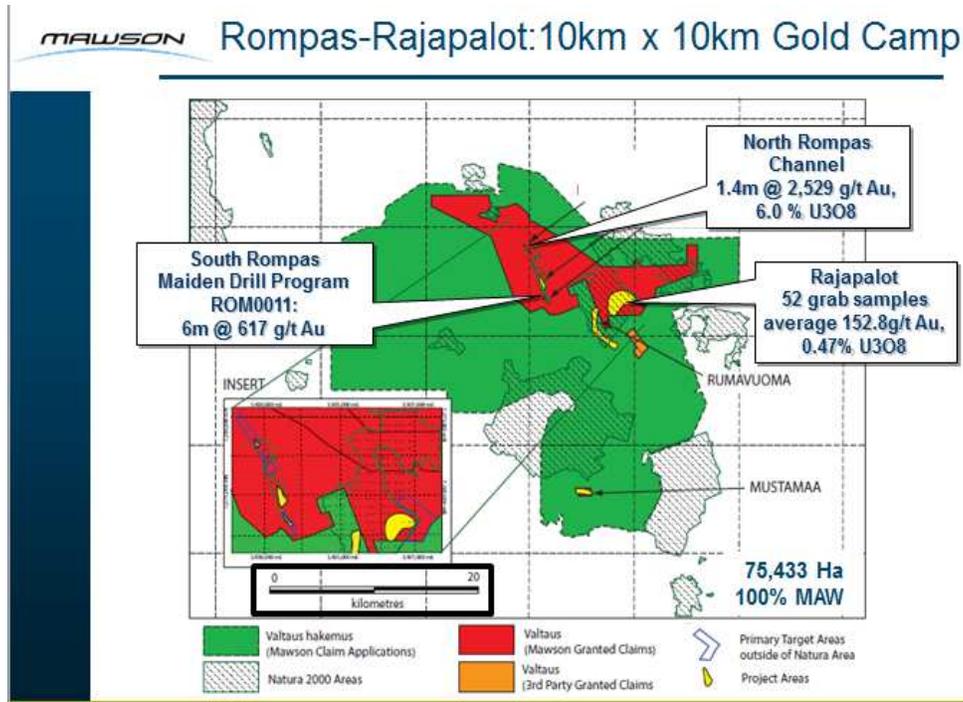
Reconnaissance work continued on priority airborne geophysical and soil geochemistry targets within the Rompas group of concessions. It resulted in discovery of the Rajapalot project, centered eight km east of Rompas, by scintillometer and outcrop prospecting. As of late October's reporting date:

- Fifty-two widely-scattered grab samples had been taken in three different prospect areas from altered quartzite and amphibolite outcrops and boulders within predominantly swampy terrain. Sample results average over 151 g/t Au.

With an ongoing focus on Scandinavia, Mawson acquired significant new ground this year:

- Seven claims totaling 1042 square kilometers in Finland targeting Rompas-style gold and other types of mineralization.
- Six claims totaling 340 square kilometer in Sweden targeting copper, nickel, and copper-cobalt mineralization.

In mid-October, Mawson Resources announced the Finnish government had granted legal title to the mineral rights for 110 claims covering 106 sq km of the Rompas-Rajapalot trend. About 20% remains subject to Natura 2000 restrictions prohibiting ground disturbance until an environmental assessment is conducted and modification approved. MAW expects to file this document before the end of 2012 and anticipates gaining access within the next year. Claim applications have been filed on the remainder of the 754 sq km project area and granting of title is expected following the usual bureaucratic process.

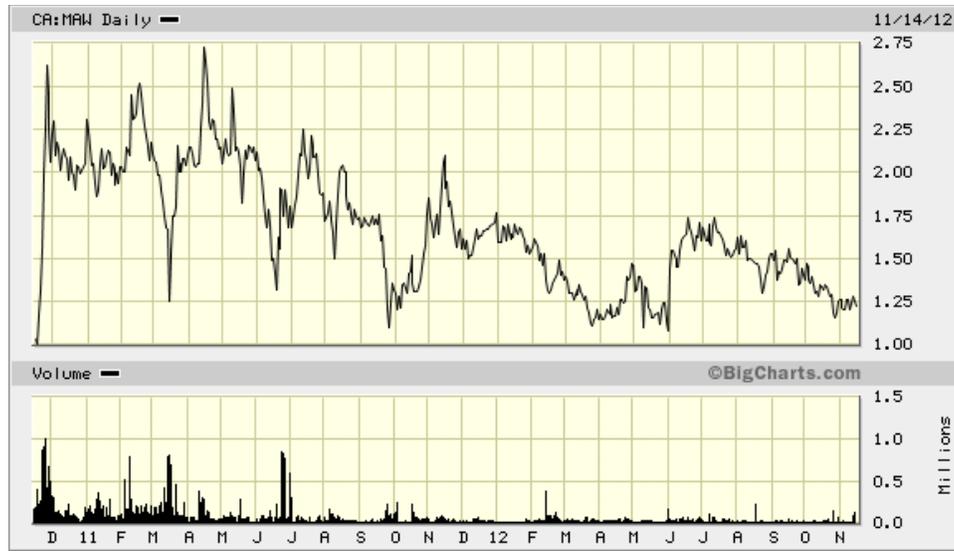


Rompas Project Land Map

Mawson's capital structure has changed somewhat since the beginning of the year. Major shareholder Sentient Fund exercised warrants to own 23.6% of the company. There are now 55.8 million shares outstanding and 63.4 million fully diluted. Included are 4.9 million warrants at 86 cents held by uranium giant Areva that expire in May 2014 and 2.5 million options at various prices ranging from 41 cents to \$2.35 with expiries from May 2013 to August 2015.

The company currently trades in the \$1.25 range with a market capitalization of \$70 million. It has a cash position of approximately \$9 million, enough to continue its present level of activities for two more years. Additionally, warrants that are currently in-the-money could raise another \$4.2 million in Q2 2014.

Here is the two-year chart since I initiated coverage on Mawson at \$1.00 exactly two years ago. In just four days of trading, subscribers who follow my [Power of Two](#) trading methodology had their double, cash back, and free-trading shares. In seven days of trading after my initial report, Mawson hit \$2.68:



Mawson has recently settled into a range of about \$1.25 due to speculators retreating to the sidelines and liquidity drying up before the US elections. Markets have sold off since. That said, MAW has never gone below my pick price in two years and has shown relative stability within a sector that has continued to drift lower over the past 20 months.

I've spoken before about the people equation at Mawson. Nothing has changed in that regard but I will reiterate this: These guys are not only good geos, they are also good businessmen and have a strong supporting cast. Just witness the success of other companies in this group (e.g., TSA.MKT; FDR.V).

In August I visited Rompas to see its progress since my first tour in May 2011. Over the course of a day and a half, I reviewed maps and data, trenches in the mineralized zones, drill hole locations on both North and South Rompas, newly-discovered outcrops, and core stored in Rovaniemi. I was accompanied by Erkki Vanhanen and Tuomas Havela, the two former Areva geologists who discovered gold at Rompas while prospecting for uranium in 2008.

The geos got a few laughs out of the trails that were constructed specifically for a high net-worth investor and analyst tour. Apparently some of those guys are not real quick on their feet. Here's your truly trying to avoid taking a big tumble down either side of the "staircase" while Erkki stands by in case I need to be rescued:



Infrastructure for Investors and Analysts

A high-grade prospect at South Rompas with gold-uranium mineralization in iron oxide and carbonate alteration and hosted by calc-silicate skarn is shown below:



Alteration and Gold-Uranium Mineralization at South Rompas

Here's a new high-grade gold-uranium prospect at Rajapalot, recently discovered by Tuomas:



Erkki and Tuomas at Rajapalot Discovery Outcrop

And this is the product of Tuomas' efforts, panned from material in the hole:



Coarse Crystalline Gold from Rajapalot

Mawson intends to aggressively explore during the next several months. Airborne and ground geophysics programs and 6000 m of drilling are planned on newly permitted ground at Rompas and Rajapalot with a total budget thru June of \$3.2 million.

Immediate challenges faced by the company are twofold:

- Determine the continuity and size potential of the best prospects at Rompas: There are myriads of small, high-grade gold-uranium lenses concentrated in specific outcrop and subcrop zones in a large project area with 95% of the ground covered by shallow till. Whether these sizeable targets have significant tonnage and sufficient continuity to be mineable is yet to be determined.

Drilling can be used to prioritize targets for follow-up work, but it seems likely that surface bulk sampling and test mining and processing are required early in the process to address size and grade potentials.

- Permitting of protected areas for physical disturbance: With 20% of the project covered by the European Union's Natura 2000 designation, Mawson is currently restricted in its ability to explore some of the highest priority targets. Timely resolution will allow the project to proceed on an expedited basis.

In my opinion, Mawson Resources Ltd has the right combination of share structure, people, and a flagship project to continue rewarding speculators. Its dividend in the second quarter of 2012 no doubt led to a dedicated following of shareholders, myself included. Considering recent successes in permitting, new gold discoveries, and property acquisitions and its aggressive exploration program, Mawson shareholders are well-positioned to enjoy a double in share price within the next 12 months. I am hopeful that an improved climate for good junior companies will prevail in early 2013.

Because I am a shareholder and the company pays to be a website sponsor, I am biased in my view of Mawson Resources. Please do your own careful research before speculating in any junior resource stock.

Ciao for now,

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Acknowledgement: Michelle Lopez is the editor of MercenaryGeologist.com.

The [Mercenary Geologist Michael S. "Mickey" Fulp](http://MercenaryGeologist.com) 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 35 years experience as an exploration geologist and analyst 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 worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 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 and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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