Michael S. (Mickey) Fulp
M.Sc., C.P.G.

MercenaryGeologist.com
contact@mercenarygeologist.com

Mercenary Alert: Game-Changers for Mawson Resources Ltd

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

Contact@MercenaryGeologist.com

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Mawson Resources Ltd (MAW.T) has an unusual story for an eight year old junior resource company. It started out as a gold and uranium explorer with advanced projects in Sweden and later expanded into uranium projects in Finland. Unlike most of its radioactive peers, it survived the boom and bust of the uranium business in 2006-2007.

Then in April 2010 when all was still bleak and blurry for uranium, Mawson signed a deal for Areva's concessions and exploration database in Finland when the French national uranium giant exited the country.

In 2008 Areva followed up airborne radiometric anomalies with boot leather on the ground and discovered a new bonanza gold-uranium play near the Arctic Circle. The **Rompas** acquisition was the potential jewel that excited CEO Mike Hudson and VP Exploration Mark Saxon in 2010.

Subsequent to the purchase that awarded Areva a nine percent equity interest, Mawson hired the two geologists responsible for the discovery, Erkki Vanhanen and Tomas Havela, and sent them to the field to prospect again. Prospecting, sampling, and mapping over two seasons have resulted in discovery of more than 300 high-grade gold ± uranium showings.

I first wrote about Mawson in the fall of 2010 when it was trading at less than $1.00 (**Mercenary Musing, November 16, 2010**). Within four days its share price doubled and then reached an all-time high of $2.68 in just seven trading days. My timing was impeccable on the Mawson pick and folks, that's about as good as it ever gets for stock speculators.

Since the heady days for junior explorers in 2010, the Fukushima event in March 2011 and a subsequent nine-month market downturn have taken their toll on uranium explorers. However, Mawson has performed very well compared to its peers. Here's the 52-week chart:

The company has come thru tax-loss selling season in strong shape, currently trading in the $1.60-1.70 range. The share structure has not changed significantly since my first report. It has 51.7 million shares out and 62.0 million fully diluted, market capitalization of $83 million, and about $11 million in working capital. Included in the fully diluted share count are 3.3 million in-the-money warrants that, if exercised, will raise nearly $4 million for the company's coffers by late October of this year.

Mawson's relative strength during a time of junior market duress can be attributed partly to open market buying by Sentient, the private global resource equity fund, which has doubled down on its shareholdings over the past four months. Sentient now owns 19.2 % of shares outstanding plus the warrants listed above. Other major shareholders include: Insiders 12 %; Pinetree Capital 10 %; and Areva 9.5 %.

The Rompas gold-uranium project is the company's flagship. To maximize shareholder value, Mawson recently announced a spin-out of its Peruvian projects and the sale of its uranium resources in Finland and Sweden. Upon approval, these initiatives will allow management to focus efforts on Rompas and current shareholders to realize added value with shares in two other junior companies.

On November 30, Mawson Resources Ltd announced the spin-out of five precious metals projects and its extensive exploration database in Peru into a new company, Darwin Resources Corp. Darwin has hired Dr. Graham Carman as CEO/President, and Peruvian nationals Georg Winklemann and Rolando Ligarda will serve as Managing Director and Exploration Manager respectively. Most importantly, these three men have a successful history of working together in South America over the past 16 years. Mawson expects the proposed transaction to receive approval from shareholders and the Toronto Stock Exchange in Q2 2012.

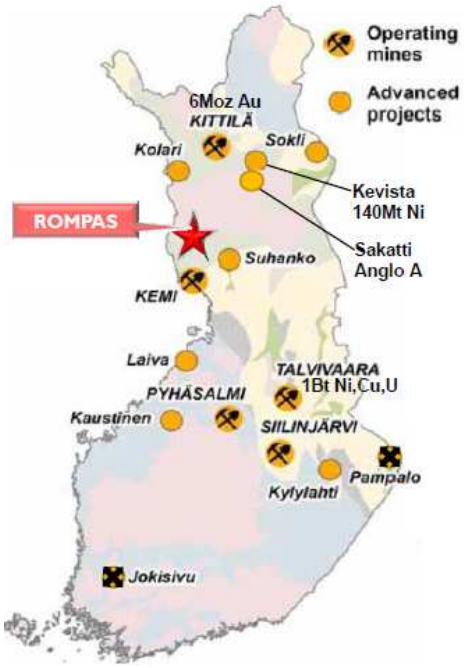
On December 7, Mawson announced the sale of seven uranium projects in Finland and Sweden to Tournigan Energy, Ltd (TVC.V) for a 20.5 % share position. In conjunction with the deal, one of Mawson's largest shareholders, the aforementioned Areva, has subscribed for a $1.0 million private placement. Areva will provide technical services to Tournigan and have a position on the Board of Directors. TVC will do a 1:5 share rollback and change its name to European Uranium Resources, Ltd. Upon completion of the transaction, shares in the reorganized company will be distributed pro rata to current Mawson holders.

I visited Mawson's Rompas project in May and its southern Peru copper-gold porphyry project in July and report on these tours below:

My visit to Finland was part of an extended six-country tour in Europe. I met Mawson CEO Mike Hudson in Tallinn, Estonia where we toured Molycorp's Silmet REE separation plant (**Mercenary Musing, June 6, 2011**), and then flew via Helsinki to Rovaniemi near the Arctic Circle. Rovaniemi is famous for its Santa Claus tourist park and post office and I was able to snap a guaranteed authentic photo of the gift-giving *guaton* during my stay:

Santa Claus and a Reindeer Hangin' Outside His House on the Arctic Circle

Rompas is located 50 km WNW of Rovaniemi via paved highways in a mixed area of farmland, shallow lakes, and boreal forest. The project is easily accessed by a network of logging roads and short walks into the forest. Water, electricity, and rail are nearby and readily available.



Rompas Project, Finland with Operating Mines and Advanced Projects

A local farmhouse 25 km from the property serves as a field office for Mawson's geologists, including the following:

The Mercenary Geologist, Erkki Vanhanen, Tomas Havela, Leigh Rankin, Janne Kinnunen, and Terry Lees

We arrived in the early evening of May 30 and I departed on June 1 at mid-day. The first night was spent reviewing data and the requisite sauna; I spent a full day in the field with the geologists pictured above on May 31 and enjoyed a home-cooked dinner and of course, the requisite sauna; a cold rain the following morning cut our field time to a couple of hours.

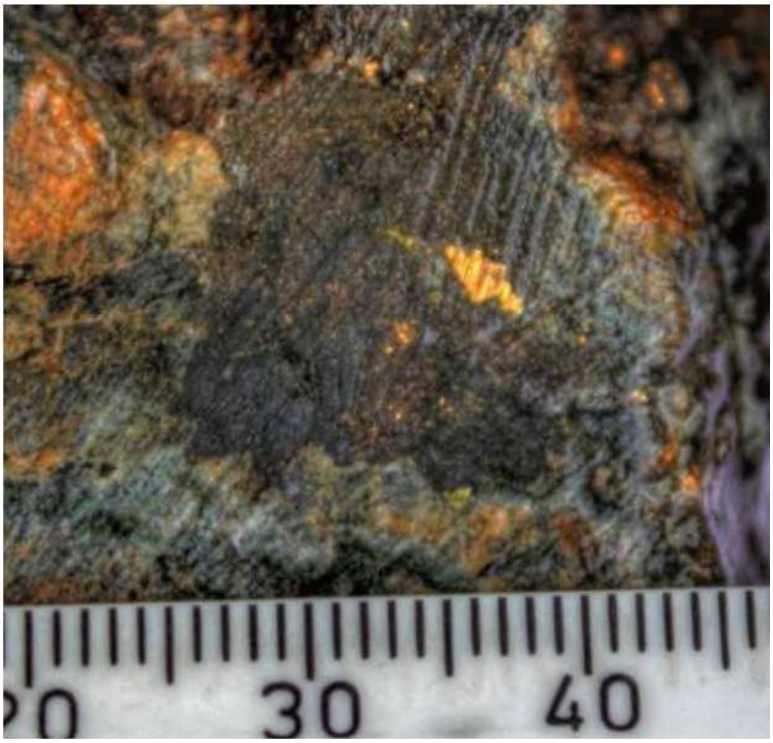
Because outcrop in the area is so limited, prospecting is done with a hand-held scintillometer slung low to the ground. Once anomalous radioactivity is discovered, the geologist and crew dig thru shallow A-horizon soil and/or glacial till 0.5 to 1 meter deep to expose bedrock or subcrop:

Mawson Management Scrambling for Gold and Uranium at South Rompas

That's when the fun begins. Armed with rock hammer and three Hastings Triplet hand lenses of varying powers, the geologist searches the newly exposed rock for pinhead or smaller sized specks of disseminated gold within a massive uraninite matrix:

Yours Truly Scouring the Outcrop for Visible Gold

And here's what the golden reward looks like:



High-Grade Gold-Uraninite Specimen (Tick Mark Equals 1 mm)

During my Rompas visit in the late spring, the company had 20 geologists, many of them students, working in various capacities on the project. In a late October update, MAW reported on its exploration progress over the past field season:

The 2011 exploration program was focused on understanding the lithological, structural, and alteration controls associated with gold and uranium mineralization. A detailed mapping and sampling program over the known strike length defined high priority drill targets.

Mawson submitted 757 trench samples from 104 sample sites and 70 outcrop samples from other areas for assay this season. Included were 152 diamond saw channel samples over a total 732 meters. This year's sampling extended the footprint of the known vein mineralization from North Rompas, into the newly discovered Central Rompas, and to South Rompas, an area over six km strike by 270 m wide.

All the known gold and uranium occurrences are on a NNW-trending ridge with scattered outcrops. Ninety-five per cent of the area is masked by 0.5 to five meter thick soil and till cover. The ridge is surrounded by thicker till and soil with mineralization appearing to continue below cover.

The company completed hand-dug trenches in two closely-spaced areas and demonstrated continuity of radioactive zones associated with gold mineralization. A zone at North Rompas was trenched at 20 m intervals along 120 m of strike with numerous and regular 1-2 m wide mineralized structures found across a total width of 15 to 25 m.

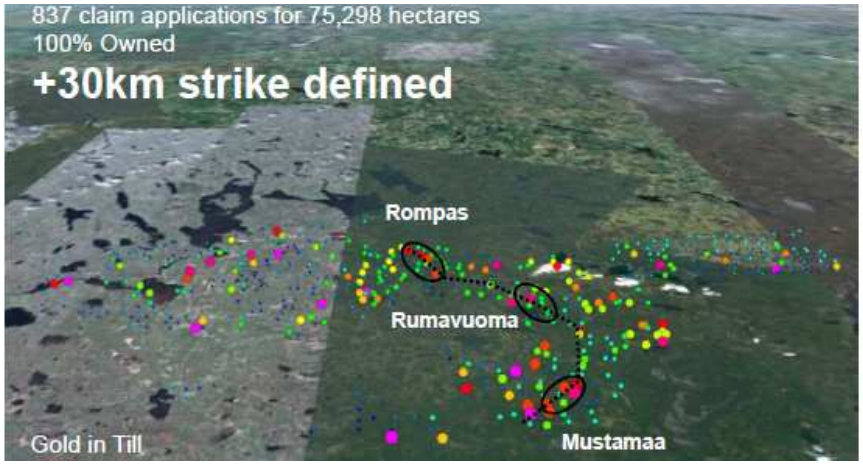
Mawson also completed:

- Channel sampling and mapping at Rumavuoma, located six km southeast of Rompas, where previous prospecting revealed ore-grade gold-uranium mineralization.

- A closely-spaced ground radiometrics survey at Rompas.

- Five line-km of reconnaissance induced polarization and resistivity to characterize host rock responses over the mineralized sequences at Rompas and Rumavuoma.

- Regional prospecting and sampling within the +75,000 ha of concessions and over 30 km strike length of favorable geology containing gold-in-till anomalies:



Rompas Project Target Areas and Gold-in-Till Anomalies

Mawson Resources received exploration licenses from the Finland government on 110 claims covering 10,580 ha of the Rompas concessions in late October. Subsequently, five environmental entities filed appeals to the government decision with an initial review to be completed in about two months. Granting of mineral rights will take effect once the appeal process is done. If any of the appeals are deemed valid, they will be reviewed through the Finnish appellate court. Mawson is exploring options to determine areas where it can drill if a longer court appeal process is required.

The current approval includes severe limitations on exploration methods that can be used in specified Natura 2000 areas within the claim block including no mechanized drilling or trenching. This is due to the presence of a flower that occurs in areas underlain by carbonate rocks in northern Finland. The Natura 2000 area is small, covering 254 hectares, but overlies approximately 70% of the Rompas trend.

Mawson can modify this restriction by conducting a standard environmental assessment program to address and/or mitigate the effects of exploration and thus obtain permission to conduct drilling and trenching in these areas.

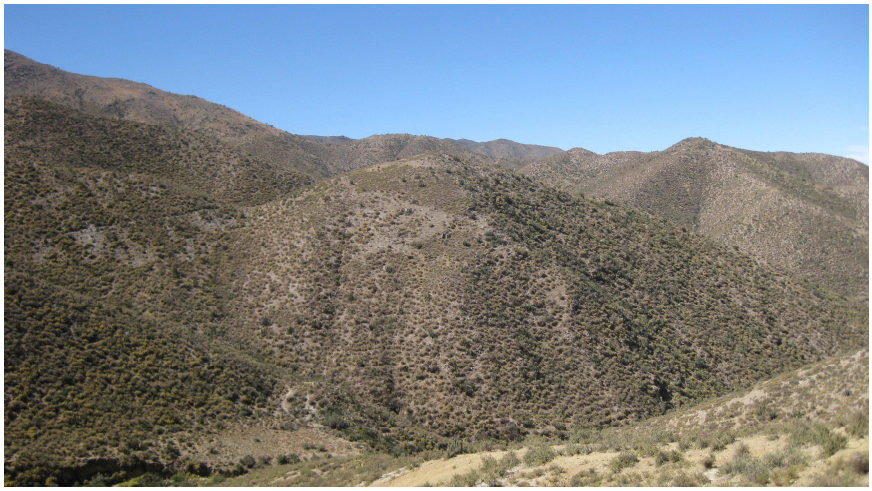
When mineral rights are officially granted, Mawson is planning a major drill campaign to test numerous bonanza gold-uranium targets.

My next venture to evaluate Mawson's portfolio was in mid-July as part of a tour of projects in Peru and Chile. I spent a half-day examining the Alto Quemado project north of Arequipa in southern Peru and in the company of geologists Rolando Ligarda and Tula Castaneda.

Alto Quemado is a copper-gold porphyry target located at the north end of the Incapuquio fault system hosting the Southern Peru Porphyry Belt. World-class copper-molybdenum-gold mines in the region include Cerro Verde, Toquepala, Cuajone, and Quelleveco. Paved highways and improved dirt roads provide access with total travel time less than three hours from Arequipa. Alto Quemado is located in desert hill country at about 3000 meters elevation. The Zafranal project of AQM Copper and Teck is located 15 km west and currently hosts a qualified resource of 3.4 billion pounds of copper in all categories.

Project Location in the Southern Peru Porphyry Belt

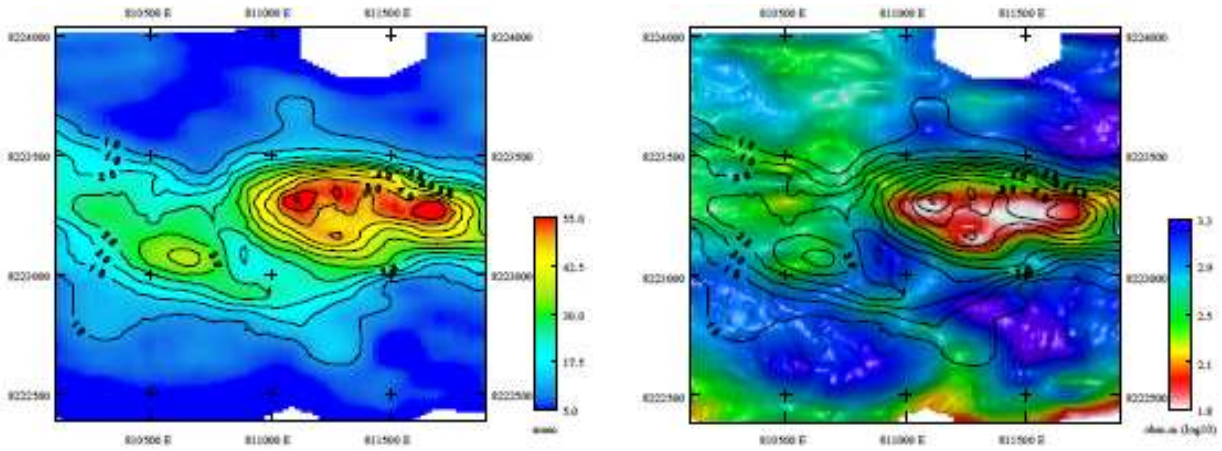
Alto Quemado is located on a deflection in the Incapuquio fault zone and at the intersection with a regional thrust fault where deformed intrusive rocks are thrust over Jurassic and Cretaceous sedimentary rocks. Surface exposures reveal a circular alteration zone in quartz-eye feldspar porphyry with a partially leached cap consisting largely of clay after sericite and iron oxides after sulfide. Close examination revealed the iron oxides include hematite after chalcocite and is evidence for a supergene-enriched copper deposit below.



Alto Quemado Leached Cap and Alteration Zone in Center Hill

Lunch on the Leached Cap with Rolando Ligarda and Tula Casteneda

In addition, altered outcrops overlie strong, coincident induced polarization and resistivity anomalies that measure 1800 m x 500 m. The geophysical anomaly is open to the east and cut-off by a fault and apparently down-dropped to the southwest with a subtle anomaly interpreted to represent a deeper, sulfide-bearing body:



Coincident Induced Polarization and Resistivity Anomalies at 135 m Depth Slice

Besides the porphyry potential, the project area hosts numerous high-grade, narrow gold-copper veins that were worked by artisanal miners from 2001-2007. The veins could serve as potential high-grade mill feed if a large porphyry mine were to be developed on the property.

Mawson has submitted a permit application for 1800 meters of drilling to initially test the porphyry target and perhaps the small vein prospects. It expects the permit to be granted soon with drilling to commence after the spin-out is complete. If drilling returns good results, a Phase II program will include a deep penetrating, 3D induced polarization survey and a deep drill hole to probe the currently known anomaly on the southwest side of the fault.

I am bullish on Mawson Resources' Rompas high-grade gold-uranium project in Finland. Although the project remains very early stage, with the current state of knowledge it has potential to become a world-class deposit. On the other hand, it could be nothing more than a series of very small, very high-grade mineral occurrences with little continuity and no significant tonnage. Only the truth tool can answer that question, and I eagerly anticipate initial drilling to occur this coming summer.

MAW's reorganization initiative is a big dividend to its shareholders who soon will own shares of a new gold exploration company in Peru and shares in a junior uranium company with a robust development project in Slovakia, advanced exploration projects in Finland and Sweden, and a strategic partner in Areva.

In my opinion, Mawson Resources Ltd has the right share structure, the right people, and the right project to succeed and further reward shareholders. In addition, I consider it sorely undervalued at its current trading range. However, because I am a committed shareholder of Mawson and it sponsors my website, my opinion is colored by financial involvement with the company.

As always, please do your own due diligence and see if you agree with my take.

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 over 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 24 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.

Contact: Contact@MercenaryGeologist.com

Acknowledgement: Erin Ostrom keeps me tethered on a short leash by carefully editing my verbiage.

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