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Mercenary Alert

Mawson Resources Ltd: The Time Has Come

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

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About a month ago, I posted a brief Mercenary Alert on [Mawson Resources Ltd \(MAW.T\)](#) in which subscribers were informed that an unprecedented third field visit to a junior's flagship project was in the offing.

I just completed that trip to Mawson's Rompas gold project in northern Finland and today's effort reports my findings. For background on the company since I first initiated coverage, please visit the [Musings](#) page of my website to view four previous Mercenary Alerts from 2010, 2012, and 2016.

At the time of my posting on September 23, Mawson Resources closed at 40 cents. It soared to 56 cents the next trading day on heavy volume then gradually pulled back. Amid an extremely thin market, traders drove it down to 36 cents on Monday; it closed today at 42.5 cents. Here's the five week chart:



Mawson Resources has 90.3 million shares outstanding and 111.5 fully diluted including 4.5 million warrants at 50 cents expiring in January 2017 and another 7.9 million at 30 cents expiring in December 2017. 4.6 million options are priced at 35 cents with expiry in September 2019. The company's largest shareholder is The Sentient Group at 35.9%. Other large positions are held by two major US university endowments and the French uranium company AREVA; insiders control 6.2%. MAW has a market capitalization of about \$40 million and a current cash position of about \$3.4 million.

Since 2011, the company has had significant exploration success on the Rompas with many high-grade gold drill intercepts from surface, including 19.6 m of 7.5 g/t Au at the Palokas prospect.

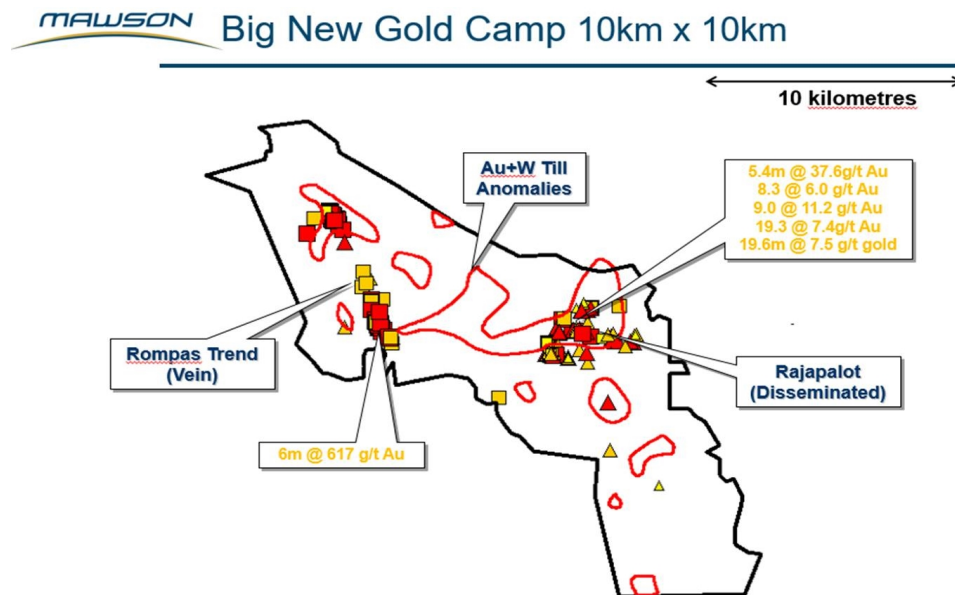
However, the market has mostly ignored these impressive exploration results. The reasons are two-fold: a four-year bear market for gold equities and concerted efforts by an environmental NGO and a former green government, since removed from office, to derail the project. Their unfounded claims, complaints, and appeals have been defeated at various legal and bureaucratic stages over the course of nearly five years.

With a recent Supreme Administrative Court decision denying a last-gasp appeal in which Mawson's main antagonist perjured herself, these challenges to the project have been finally and unequivocally resolved in the company's favor ([News release, September 20, 2016](#)).

Unfortunately for shareholders, this opposition has kept Mawson from advancing the project in a timely fashion. But that is now in the past and the time has come for the company to explore.

In an aggressive campaign scheduled for this winter, Mawson Resources will test the large and highly-prospective gold project largely unhindered by restrictions on its exploration activities. In the Rajapalot area, Mawson intends to core drill over 10,000 meters along with more than 1000 basal till sample holes.

The map below shows the priority targets to be explored along with select drill hole results. Target areas with anomalous gold and tungsten in basal till samples are shown as red outlines; numerous high-grade rock chip samples are shown in red and yellow squares (outcrop) and triangles (float):



Project-wide, an impressive 268 of 2219 rock chip samples (12%) contain >1.0 g/t Au.

Suffice to say, there is a whole lot of gold spread over a very large area in a wide variety of rocks, mineralization styles, and alteration types. Given the terrain consisting of boreal forest, glacial till, thick duff, and broad mires, outcrops constitute less than 1% of the currently known target areas. Thus, it remains early-stage in evaluating the potential of this big gold project.

Although Mawson Resources is nicely cashed up, there will need to be an equity raise to help fund the upcoming program that is currently budgeted at \$5.5 million.

That's enough by way of background; let's go on to my recent field trip and my findings:

After a 24-hour journey highlighted by a conversation with Hall of Fame pitcher John Smoltz, a cancelled flight, and rerouting thru a different European country, I arrived in Rovaniemi along with the long-lived Arctic twilight and was met by Mawson's VP-Exploration Nick Cook.

Our party checked into the hotel, washed off the travel grime, and then met for a sampling of good Finnish lagers followed by dinner that included a big reindeer steak and red wine from Spain.

We were out the next day at 8am and not that much after first light this far north in the early fall. A brief stop at the company office/warehouse allowed me to reacquaint with the staff of geologists and consultants. Note that all of these talented geos were working on the project during my previous visits in 2011 and 2012; continuity of the company's core technical staff is impressive.

Our field party included Nick Cook, CEO Mike Hudson, and Exploration Manager Erkki Vanhanen.

We drove about an hour on paved, gravel, and dirt roads to the main exploration targets at Rajapalot. There is power within five km of these prospects, rail is 30 km away, and there certainly is no lack of water in the area (see below).

The project area is typical of northern Finland; i.e., covered by a thin veneer of glacial till with boreal forest and swamps, so we did a lot of mucking thru the mire on a sunny but chilly day:



In a long traverse, we visited the Palokas discovery outcrop, South Palokas, Boardwalk, Terry's Hammer, Rumajarvi, Joki, Raja, and Hirvimaa boulder fields and/or outcrops. Fifty-two drill holes have tested the Palokas area with many impressive results but only two holes have been drilled at Rumajarvi; the other targets have never been drilled.

Here are Erkki, Mike, Nick and me after examining an angular boulder carrying visible gold at Rumajarvi:



Prior to beating back the rabid environmentalists, Mawson could only test the Rajapolat area using small man-portable equipment. The drill machine of choice eventually became an old-school JKS Winkie drill (patented in 1961) that produces narrow diameter core (25.4 mm) with a depth limit of about 100 meters:



Now with onerous restrictions lifted, the upcoming winter program will employ powerful track-mounted diamond drills that produce 50.6 mm core and are capable of deep drilling. In addition, costs are at a significant discount per meter compared to the old Winkie setup shown above.

We made it back to the truck about sunset then town at dusk and once again enjoyed another typical Finnish meat and potatoes feed preceded by local beers and washed down by red wine. A shot of Patron Reposado on the rocks with lime primed our pumps for a local pub visit where we sampled other brews before navigating our way back to the hotel in the wee hours and enveloped in dense fog.

When combined with jet lag, day two came a bit early. Our morning included a presentation by ace structural geologist Leigh Rankin who produced his latest interpretation of the deformational history and discussed the resulting geometries controlling alteration and mineralization. Leigh also answered a myriad of structural questions from the five geologists in attendance.

CEO Hudson then reviewed the history of environmental opposition and the successful outcome in the Finnish court system. Environmental leader and director Noora Raasakka, a key member of the exploration team, discussed current permitting and environmental regulations and had ready answers to all our queries.

Although northern Finland can be a restrictive area to explore for minerals, it is apparent that Mawson has met or exceeded all regulatory requirements with respect to environmental monitoring, baseline studies, and operational activities. In addition, it has continually consulted with governmental authorities and local communities at all levels and maintains strong positive relations with all those entities.

That afternoon, we examined three core holes from the Palokas disseminated gold discovery and one from the Rompas gold-uranium vein discovery.

On the third day, we visited the South Rompas and North Rompas vein targets. These occurrences are high-grade gold-uraninite in carbonate veins hosted by locally altered metabasalt. The company drilled 84 shallow core holes in the Rompas area with mixed results. Because of extreme nugget effects, core drilling is not an effective method for evaluation of such narrow high-grade veins:



Bulk surface sampling will be required to properly test and evaluate the Rompas gold-uranium vein discoveries, and that is not a priority at this juncture. What are priorities are structural targets under cover in swampy areas to the north, east, and west where the thick, favorable rock sequence hosting disseminated gold at Palokas are projected to occur.

We were back in town by the late afternoon, had a bite and a beer, and with travel plans the following morning, I called it an early evening.

The next morning I took the train to Oulu on the Baltic Sea and gave a well-attended presentation on career paths in economic geology to upperclassmen and graduate students at Oulu Mining School. Thanks goes to Professor Holger Paulick, seated on my left, for the invitation, hospitality, and opportunity to mentor an upcoming generation of professional exploration and mining geologists:



The above photo was taken by this geology student, Jukka-Pekka Ranta, who is completing a Mawson-sponsored dissertation on the Palokas deposit:



The next day's return trip involved another four-flight, 23-hour jaunt to my home base near Albuquerque, New Mexico but this time it was uneventful.

My third exam of the Rompas project included two days in the field and one day of office review and core examination with Mawson's crack team of geologists.

VP-Exploration Nick Cook, who also functions as the chief geologist, is a very talented economic geologist with both industry and academic experience. He wisely used the time afforded by environmental delays to study the gold occurrences in detail.

The amount and quality of technical information that Mawson has on the Rompas project structural setting and deformational history, grade of metamorphism, styles of alteration, types of mineralization, geochemical signatures, geophysical responses, and ages of events is impressive.

This level of geological knowledge and understanding is unparalleled for such an early-stage project and so little rock exposure. Nick Cook and his team of geologists have done an impressive job in melding multiple earth science disciplines into a coherent framework for targeting and drill testing under thin glacial cover.

And I am convinced this level of understanding of the geological setting will bear fruit during the upcoming drill program.

The new exploration program will begin once the ice is thick enough to mobilize drill equipment in mid-December. Known target areas, i.e., those with mineralized boulders and/or outcrops, will be tested first using the aforementioned track-mounted diamond drill rigs.

The many areas with no surface rocks will be tested by a minimum of 1000 rotary air blast (RAB) holes in a grid pattern to collect basal till samples and define targets. Because gold is associated with sulfides and magnetic minerals, induced polarization and ground magnetic geophysical techniques will help refine targets in covered areas. Finally, priority targets will be core drilled.

A total of 123 diamond drill holes are permitted on one particular claim area this winter; outside this boundary, unlimited drilling is allowed. A minimum 10,000 meters of core drilling is currently budgeted.

The 2016-2017 winter exploration program will be the first time in the six-year history of the project that Mawson can legitimately test its targets over the entire mineralized system. As such, shareholders must be aware that this program is mostly a first-pass prospect evaluation and will not be a resource-defining exercise. As CEO Mike Hudson is fond of saying, "It is still early days at Rompas."

I could not agree more. That said, I am quite optimistic that significant gold mineralization will be encountered in several target areas.

Now we must await the truth tool (core drill) to deliver.

Despite my recent effort to get prying eyes on the company, Mawson remains mostly unwanted, unloved, and undervalued. However, with an ongoing promotional campaign, the pending money raise, and wintertime drill tests, the company intends to change market perception and increase its capitalization.

I own Mawson Resources Ltd and it pays a fee to sponsor my website so my opinions are biased. Please do thorough due diligence to determine if the company meets your individual criteria for speculation.

Jim Morrison of The Doors sang (*Light My Fire*, 1967):

*The time to hesitate is through
No time to wallow in the mire ...*

While at the same time, The Chambers Brothers were singing, “*Time has Come Today*” (1967):

I opine that for Mawson Resources Ltd, the time has indeed come. What do you think?

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 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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