Mawson West to Place Kapulo Mine on Care and Maintenance and Announces Financing and Debt Restructuring

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Summary:

- Mawson West to place the Kapulo mine on care and maintenance due to continued weakness in the copper price and resulting unprofitable and unsustainable mining operations;
- Galena Private Equity Resources Fund LP has agreed to provide Mawson West's subsidiary, Anvil Mining Congo SA, with a secured loan of up to US\$20.0 million to fund payables and place the Kapulo mine on care and maintenance;
- Galena has been issued warrants exercisable, subject to shareholder approval, to acquire up to 2,744,200,000 ordinary shares of the Company at CAD\$0.01 per share; and
- Galena has advised Mawson West that it intends to consider alternatives for taking Mawson West private.

PERTH, March 2, 2016) - Mawson West Ltd. (TSX:MWE) ("Mawson West" or "the Company") announces that it has decided to place its Kapulo mine on care and maintenance. The Company projects to cease mining at the end of March, while milling operations will continue into April. The Company has made this decision due to continued weakness in the price of copper, which has resulted in unprofitable and unsustainable mining operations at the mine. These circumstances have also contributed to a rapid deterioration in the Company's financial position, such that it is currently having difficulties satisfying its payables in a timely manner.

In order to satisfy current payables and place the Kapulo mine on care and maintenance, the Company requires financing, and its majority shareholder, Galena Private Equity Resources Fund LP ("Galena"), has agreed to provide Mawson West's subsidiary, Anvil Mining Congo SA, with an interest free, secured loan for these purposes in an amount up to US\$20.0 million (C\$27.15 million at current exchange rates) (the "Loan"). In partial consideration for the Loan, the Company has issued Galena warrants exercisable to acquire up to 2,744,200,000 ordinary shares of the Company at an exercise price of C\$0.01 per share until December 31, 2017 (the "Warrants").

The Warrants will be exercisable pro rata based on the amount of the Loan which is drawn down at the time of exercise. The exercise of the Warrants is subject to the receipt of disinterested shareholder approval. Upon receiving shareholder approval for the exercise of the Warrants, which must be obtained prior to May 15, 2016, Galena will be required to exercise the Warrants which are then exercisable within 10 business days and the warrant exercise price payable will be set-off against the Loan.

In addition, the Company's Prepayment Facility with Trafigura has been amended. Under these amendments, principal and interest payments due under the Prepayment Facility will cease until such time as mining operations at the Kapulo mine are recommenced, following which Trafigura will have priority for repayment of the Prepayment Facility from the first US\$15 million of available cashflow from mining operations, in instalment amounts and times to be based on the calculation of available cashflow. The Loan will mature on the date which is six months after which Trafigura has been paid this amount.

In the event that the requisite shareholder approval for the exercise of the Warrants is obtained, the exercise of the Warrants could result in Galena owning more than 90% of the issued and outstanding ordinary shares of the Company. As such Galena has advised Mawson West that it intends to consider alternatives for taking Mawson West private, including the possible acquisition of all of the ordinary shares of the Company not owned by it pursuant to compulsory acquisition provisions available under Australian corporate law in the event that Galena's ownership of the Company exceeds 90% of the issued and outstanding ordinary shares of the Company.

In the event that shareholder approval for the exercise of the Warrants is not obtained, Galena may, in its sole discretion, declare the Loan due and payable, provided that the full amount of the Loan is funded prior to Galena so declaring the Loan due and payable.

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Anthony Lloyd, Acting CEO and a director of the Company, commented "At current prices, the Company is producing at levels insufficient to cover its operational and financial obligations, and is also depleting Kapulo's short mine life (4 years) to generate little to no free cash flow. The Company has determined that the best course of action is to place the mine on care and maintenance in order to preserve the asset until such time as the price of copper recovers sufficiently to permit profitable mining. Our majority shareholder and secured creditors are in agreement with this course of action and have agreed to arrangements which will permit this to occur. While the financing is quite dilutive and will if approved by minority shareholders likely result in the compulsory acquisition of their interests, the Company requires financing in any event and the alternative would more than likely be insolvency proceedings which would be of uncertain outcome for minority shareholders."

Related Party Transaction

The Loan and the issuance of the Warrants and underlying ordinary shares upon exercise of the Warrants constitute related party transactions for purposes of Canadian Multilateral Instrument 61-101 as Galena is an insider of Mawson West, currently owning 579,530,761 ordinary shares of Mawson West, representing approximately 77.1% of the issued and outstanding shares of the Company. The Company is relying upon the "financial hardship" exemption to the valuation and minority approval requirements under MI 61-101 in relation to the Loan and the issuance of the Warrants, and the Company's independent directors have determined that the Company is in serious financial difficulty, the transaction is designed to improve the financial position of the Company, and the terms of the transaction are reasonable in the circumstances of the Company. The Company will also be relying on the "financial hardship" exemption to the valuation requirement under MI 61-101 in relation to the issuance of the underlying ordinary shares upon exercise of the Warrants, but such issuance is subject to minority / disinterested shareholder approval and the Company will be obtaining an independent expert's report in connection with seeking such approval.

General Meeting of Shareholders

In connection with the transaction, the Company will hold a general meeting of its shareholders (the "Meeting") on a date to be determined (expected to be in early May 2016) for the purpose of seeking minority / disinterested shareholder approval in accordance with the requirements of Australian law and the rules of the TSX for the issuance to Galena of any ordinary shares upon exercise of the Warrants. For the resolutions to pass at the Meeting, a simple majority of more than 50% of disinterested / minority shareholders voting in favour of the resolutions will be required. Notice of the Meeting and proxy materials will be dispatched in due course which will set out further information regarding these matters, and will include an independent expert's report.

Galena Early Warning Reporting

Galena (whose address is Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands) currently owns and controls a total of 597,530,761 ordinary shares of Mawson West, representing approximately 77.1% of the issued and outstanding shares of Mawson West. Assuming receipt of the requisite shareholder approval for the exercise of the Warrants and the exercise of the Warrants in full, Galena would own 3,341,730,761 ordinary shares of Mawson West, representing approximately 95% of the outstanding ordinary shares of Mawson West post-Warrant exercise. Galena also holds previously issued warrants of Mawson West exercisable to acquire 83,333,334 ordinary shares of Mawson West (the "2014 Warrants"). In the event that Galena exercises the 2014 Warrants in addition to the Warrants, it would have ownership and control over 3,425,064,095 ordinary shares of Mawson West, representing approximately 95.1% of the ordinary shares of Mawson West post-warrant exercise. Galena acquired these securities for investment purposes. In the event that the requisite shareholder approval for the exercise of the Warrants is obtained and the exercise of the Warrants results in Galena owning more than 90% of the issued and outstanding ordinary shares of the Company. Galena intends to consider alternatives for taking Mawson West private, including the possible acquisition of all of the ordinary shares of the Company not owned by it pursuant to compulsory acquisition provisions available under Australian corporate law. In addition, subject to applicable law, Galena may in the future acquire or dispose of securities of the Company, through the market, privately or otherwise, as circumstances or market conditions warrant. A copy of the early warning report required to be filed by Galena with applicable securities commissions in connection with this acquisition will be available for viewing under the Company's profile on SEDAR at www.sedar.com and a copy of the early warning report may be obtained by contacting media relations for Galena, at +41 (0) 22 592 4528 or media@galena-invest.com.

About Mawson West Limited

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Mawson West is a copper and silver-focused resource company listed on the Toronto Stock Exchange (TSX) and based in Perth, Australia.

The Company's two key projects are the Dikulushi copper-silver mine, which is currently on care and maintenance, and the Kapulo copper mine located in the South Eastern province of the Democratic Republic of Congo (DRC). Mawson West also has a significant land holding of approximately 7,300km² in the DRC's rich copper belt.

About Galena Asset Managemen

Galena Asset Management S.A. is a Switzerland based fund manager operated by independent specialist management as part of the Trafigura Group. Galena Private Equity Resources Fund LP seeks to draw on the commodity, metals and mining and technical expertise of the Trafigura Group in managing a number of fund products. The final fundraise for Galena Private Equity Resources Fund LP closed in September 2014 and it is a US\$400 million closed end Cayman Islands limited partnership designed to invest in the natural resources sector. Galena Private Equity Resources Fund LP invests in late stage and producing assets in a variety of jurisdictions and commodities around the globe.

Forward-looking statements

This news release contains certain "forward looking statements". These statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Company. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including (without limitation) the risks identified in the "Risk Factors" section of the Company's Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). The results or events depicted in these forward-looking statements may differ materially from actual results or events. Any forward-looking statement speaks only as of the date of this news release and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this press release.

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