

**ASX Announcement (ASX:LSN)**

**8 August 2012**

## **Agreements to acquire up to 51% interest in Saudi Arabian gold, copper and base metal exploration assets signed**

The Directors of Lawson Gold are pleased to advise that agreements to implement the investment in a Saudi Arabian exploration joint venture with Mawarid Investments Limited have been signed. The Company has embarked on a major expansion that will, subject to shareholder approval, see it transformed as an exploration company focussed on the highly prospective Arabian – Nubian Shield in Saudi Arabia.

The commercial terms of the agreement, summarised below, are unchanged from those announced to ASX on 2 April 2012. In addition Lawson Gold and Mawarid have agreed to advance USD340,000 each to supplement a similar amount already committed by the transaction sponsor, in order to fast track exploration work on the most prospective licences. Lawson Gold's commitment is refundable in the event completion does not occur.

The summarised major terms of the transaction are:

1. An initial consideration of 77.1million Lawson Gold shares to Mawarid for the purchase of a 5% interest in the joint venture, together with the issue of 76.3million shares to the sponsor of the transaction.
2. Expenditure on exploration activity over four years totalling USD34.3million, in order to earn an additional 46% interest in the joint venture taking the total to 51%. Mawarid will retain a 49% interest, of which 20% is to be free carried.
3. Various milestone payments to the sponsors of the transaction on the progressive definition of resources totalling USD7.8 million and all payable in shares at various prices.

For the full terms of the transaction and further details on the geology see the announcement to ASX on 2 April 2012 that is available on the company's website at [www.lawsongold.com](http://www.lawsongold.com).

Comment from Lawson Gold Chairman, David Hillier: *"The Board is delighted that this transaction has eventuated. Saudi Arabia is a challenging environment and it has taken much longer to realise than expected, but we believe the quality of the exploration assets warrants the time and effort that has been needed. Both parties are keen to get into the field as soon as the summer heat subsides and have committed additional funding to begin planning and recruitment immediately".*

The definitive documentation also contains terms and conditions that are customary for a transaction of this nature including representations and warranties, rights of pre-emption and ‘tag-along’ rights, dilution of a party on a failure to fund the joint venture, rights of the parties on an event of default and so on. Full terms will be set out in the formal meeting documentation.

Lawson Gold will manage the joint venture from settlement and over the next four years has the right to earn a controlling 51% interest in the venture through the expenditure of USD 34.3million as outlined above. The sixteen licences are virtually all focussed around ancient workings or outcrop of gold, copper and base metals. Over the past week plans to spend over USD 9 million in the first fifteen months have been agreed in Jeddah. The initial work will target over 10,000 metres of diamond drilling on the four most advanced projects, together with soil sampling, geochemistry and geophysics on all licences. *“This major expenditure is well justified by the high quality of the portfolio”* Mr Hillier said.





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The transaction is conditional on Lawson raising AUD15 million in initial funding through a share issue at 20c per share to support the program from established offices in Jeddah, Saudi Arabia. Lawson shareholders are to be given a priority application. As a reflection of the change of focus the board will propose a change of name of the Company to Oasis Minerals Limited. The current Western Australia exploration assets together with AUD2.2 million will be transferred to a new entity, the shares in which are to be distributed to existing Lawson Gold shareholders as part of this transaction, and will also receive renewed focus now that the Saudi transaction has been signed.

Completion of the transaction is subject to a number of regulatory approvals in Australia and Saudi Arabia. Reciprocal due diligence has commenced. A notice of meeting providing full details of the transaction, together with the required independent experts report and technical reports on the geology of the Saudi Arabian licence portfolio are expected to be sent to shareholders in approximately 5 weeks' time, ahead of a shareholder meeting to approve the transactions.

**For further information, please contact:**

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