

31 October 2012

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September Quarter report to Shareholders

Summary Highlights

- **Lawson Gold's transaction to acquire a controlling stake in gold, copper and base metal exploration assets in the Kingdom of Saudi Arabia (KSA) has been executed**
- **Proposed capital raising of a minimum A\$15 million to accelerate exploration on high priority targets in the KSA.**
- **To demerge its existing Kalgoorlie, Western Australia assets into a new exploration company together with \$2.2M cash.**
- **Exploration activities in Western Australia continue with review of exploration potential of nearby projects and current gold targets.-**

Corporate Activity:

During the quarter Lawson Gold Limited ("ASX:LSN" or Company) signed agreements with Saudi Arabian company Mawarid Investments Limited (Mawarid) to acquire a controlling stake in a large portfolio of gold, copper and base metal exploration assets in the Kingdom of Saudi Arabia (refer Figure 1 and ASX announcement 8 August 2012).

Progress to achieve completion in respect of the investment has taken longer than expected, but remains on track. The parties have agreed a further extension of time to allow them to complete the conditions precedent to this transaction, including the obtaining of certain Saudi Arabian regulatory approvals, Lawson Gold shareholder approval and the requirement to raise a minimum of \$15million to fund the initial stages of the exploration program. Resource Venture Capital Partners Pty Ltd, which introduced the transaction to Lawson Gold and undertook to endeavour to source the funding, remains optimistic that it will do so in the near future. In addition Lawson Gold has commenced discussions with a number of alternative funding sources with a view to expediting the capital raising process.

Fast Facts - October 2012

Share Code	ASX : LSN
Shares on Issue	24.9 million
Options	<u>0.9 million</u>
Fully Diluted	25.8 million
Debt	nil
Market Cap	\$2.5 million
Cash at Bank	\$1.14 million
as at 30 September 2012	

Directors & Management

David Hillier	Chairman
David Turvey	Director
Peter Watson	N E Director
Donald Stephens	Co. Secretary

Top Shareholders

John Nyvlt	10.0%
JP Morgan Nominees	6.1%
First Samuel	6.0%
FerrAus Limited	6.0%

Project Location

- * 45 km NE of Kalgoorlie
- * 20 km N of Kanowna
- * 4 km W of Silver Swan
- * 25 km from Paddington

Lawson Gold Project

- * Land package ~72sqkm
- * Activities for December quarter:
 - Review exploration and resource potential of Lawsons and Tyrells Prospects
 - Geochemical orientation and soil sampling surveys planned
 - Prepare POW's and conduct Aboriginal heritage surveys
 - Planning aircore / RAB drilling

Further Information

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c/. Collins St Media

Following an international campaign Lawson Gold has identified a pool of geoscientists keen to join the exploration program. Due to the limited time in which a number of the licences must be evaluated the parties have made funding available to commence work as soon as visas can be obtained for geologists. Further funding has also been promised in order to ensure there is no hiatus in the exploration work prior to completion of the transaction occurring. The amounts contributed by Lawson Gold for pre-completion activities are refundable in the event completion of the transaction is not achieved.

The Independent Technical Report to Lawson Gold shareholders on the Saudi exploration licences, is in the final stages of preparation by Coffey Mining. Subject to receipt of final consents, Lawson expects to release this comprehensive report in the next few days. The report highlights the diversity and prospectivity of the portfolio of 16 licences which are to be the subject of the joint venture.

Lawson Gold has deferred the holding of a shareholders meeting until the capital raising process is more advanced and certain. LSN shareholders will be given a priority entitlement to subscribe for the new shares.

Lawson Gold will be transformed into an Arabian-Nubian Shield focused gold and base metals exploration company. The Arabian-Nubian Shield is host to a number of significant mines including the ~10 million ounce Sukari gold mine in Egypt owned by Centamin plc and the Jabal Sayid high-grade copper deposit in Saudi Arabia now owned by Barrick Gold. LSN will manage the exploration programme in Saudi Arabia with a US\$8m Year 1 spend.

Marawid Investments Limited is the investment arm of the Mawarid Group, a long-established privately owned Saudi Arabian group of companies. The Group has worldwide investments and has interests in or owns & operates over twenty publicly listed and private companies in the Middle East with diverse commercial activities in media, telecommunications, financial services, manufacturing, healthcare, agriculture, trading, insurance, real estate, food and catering. The Group is looking to rapidly develop the attractive portfolio of mineral exploration licences held by one of its subsidiaries, Mawarid Energy and Mining Company.

Update - Western Australia

During the September quarter, the Company continued with gold exploration at a reduced rate at the Lawson Gold Project located approximately 20km north of Kanowna near Kalgoorlie, Western Australia (refer Figure 2).

Lawson Gold continues to assess the exploration potential of nearby ground and projects based on the geological interpretation by Southern Geoscience Consultants in early 2012. Additional ground may be acquired or applied for where deemed prospective in an ongoing effort to increase and “add-value” to the Company’s exploration portfolio.

Reconnaissance auger soil sampling and aircore drilling programmes have been planned to evaluate the new prospecting license areas and gold exploration targets.

Technical evaluation was completed on several projects owned by other parties in the Kalgoorlie region.

Exploration activities planned for October - December 2012 include:

- Review exploration data on the Lawsons and Tyrells Prospects to determine the exploration potential for an economic gold resource (ie. target size & orientation) and recommend a follow-up exploration program.
- Conduct orientation geochemical surveys and geomorphology mapping to establish the “best exploration and sampling methods” in areas of extensive transported cover, especially Exploration License 27/0432 and Prospecting Licenses 27/2075-2078
- Prepare and submit Program of Works (POWs) to WA Department of Minerals & Petroleum (DMP)
- Conduct Aboriginal Heritage surveys (if required by POW approval)
- Complete surface or auger soil sampling to evaluate new tenements and gold exploration targets.
- Planning of follow-up aircore &/or RAB drilling programs

Additional focus during this period will remain on evaluating and negotiating growth opportunities by way of joint venture, acquisition and other corporate activity which have presented, or as they present, themselves.

Further information:

David Hillier (Chairman) on 08 8418 8541 or 0408 236 408

David Turvey (Executive Director) on 08 8418 8568 or 0416 119 583

Media enquiries to:

Simon Jemison – Collins Street Media on 03 9224 5319 or 0408 004 848

Competent Persons Statement:

The exploration results reported here are based on information compiled by David Turvey (BSc. Hons) who is a member of the Australian Institute of Mining and Metallurgy, and who is a Director of Lawson Gold Limited. He has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition". He consents to the inclusion in this announcement on the information compiled by him in the form and context in which it appears.

Lawson Gold Limited has not yet reported Mineral Resources from exploration of targets or named prospects on its project area. Any discussion in relation to exploration potential or targets or potential gold mineralisation is only conceptual in nature and it is uncertain if further exploration will result in determination of a Mineral Resource.

This release may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Lawson Gold Limited, that could cause actual results to differ materially from such statements. Lawson Gold Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.



Figure 1: Location Plan - Exploration License Areas
Mawarid Energy and Mining Company (MEMC), Kingdom of Saudi Arabia

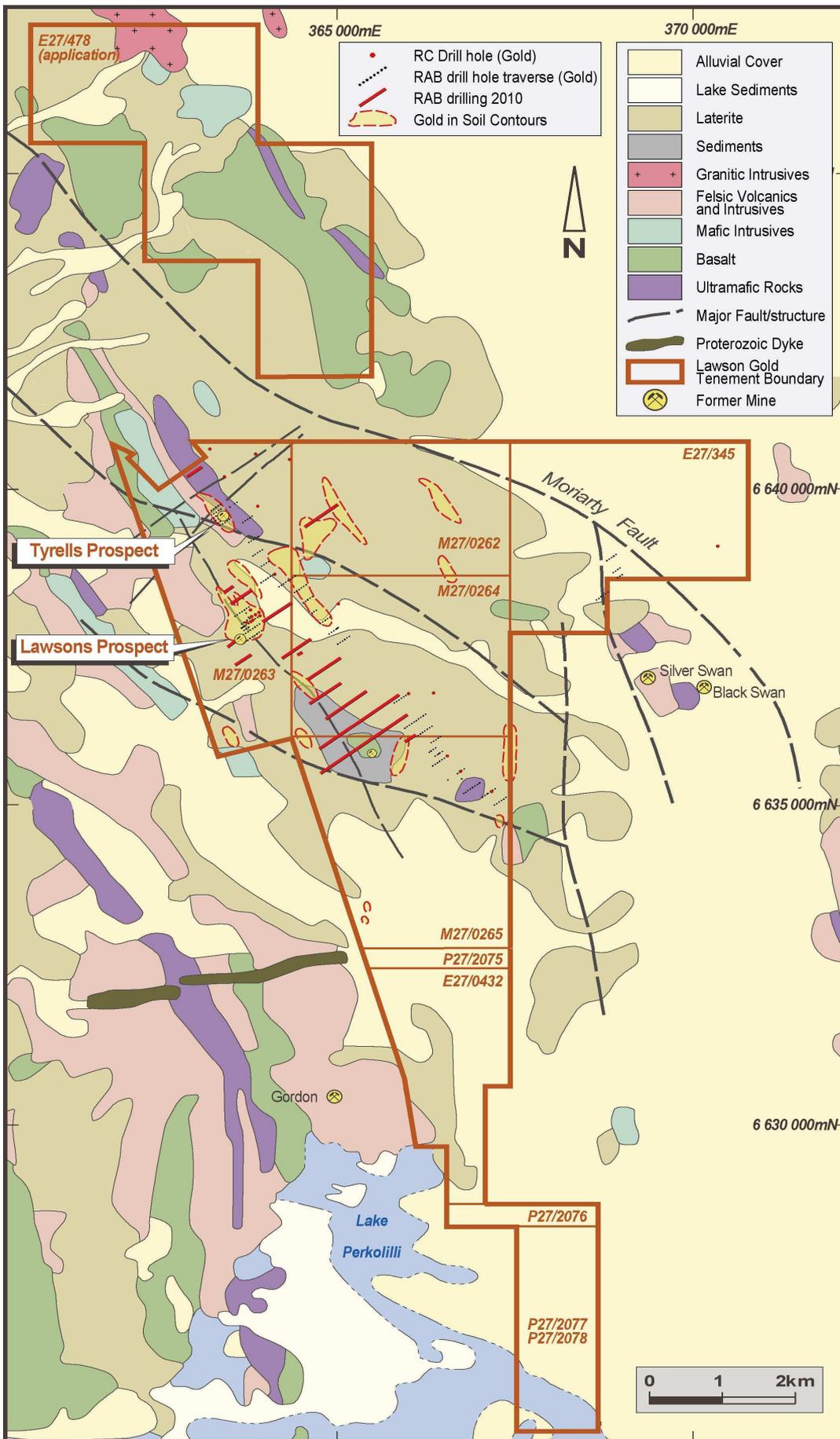


Figure 2: Location Plan and Geological Interpretation - Lawson Gold Project, Western Australia.