

Lawson Gold Limited

ABN 32 141 804 104

Interim Financial Report

for the half year ended 31 December 2012

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Directors' Report

The Directors of Lawson Gold Limited ('Lawson Gold') present their Report together with the financial statements of the consolidated entity, being Lawson Gold Limited ('the Company') and its controlled entity ('the Group') for the half year ended 31 December 2012 and the Independent Review Report thereon.

Director Details

The following persons were Directors of Lawson Gold during or since the end of the financial period.

Mr David Hillier, Chairman

Mr David Turvey, Executive Director

Mr Peter Watson, Non-Executive Director

Mr Mark Stewart, Alternate Director for David Hillier (Appointed 5/11/12, Resigned 14/12/12)

Principal Activities

The principal activities of the Group during the period were:

- To continue to conduct mineral exploration on the Western Australian tenements held and to expand the ground position through the acquisition of further exploration licences in the area.
- To extend the search for available exploration licences which, through direct or indirect investment, will provide the potential for discovery and development of commercial deposits of gold or other minerals. Particular effort was focussed on endeavouring to finalize the proposed joint venture in Saudi Arabia.

There were no significant changes in the nature of the Group's principal activities during the period.

Review of Operations

During the period activity focussed on progressing the proposed joint venture with Mawarid Investments Limited, a Saudi Arabian company holding exploration licences in the Arabian Shield highly prospective for gold, copper and other base metals. Directors invested significant time progressing the agreements, signed on 5 August 2012, and in assisting Mawarid to establish a team and exploration program that could be expanded immediately funding became available. Subsequent to the end of the period the agreement was terminated as a number of conditions to completion were not met. The board will consider and evaluate the prospects of cost recovery pursuant to various aspects of the arrangements made in connection with this transaction and will pursue cost recovery to the extent that the board considers the prospects of success justify any attendant expense.

The Company continued with gold exploration at the Lawson Gold Project located approximately 20km north of Kanowna near Kalgoorlie, Western Australia at a reduced rate.

Exploration data on the Lawsons and Tyrells Prospects was reviewed to determine the potential for an economic gold resource (ie. target size & orientation). An RC drilling program has been recommended to test the strike extension of gold mineralisation at the Lawsons Prospect.

Directors' Report (continued)

Investments

Punch Resources Limited

The Company holds 1 share (100%) in Punch Resources Limited. Punch Resources Limited was incorporated on 22 August 2012.

Auditor's independence declaration

The auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'D Hillier', with a horizontal line extending to the right.

Mr David Hillier
Chairman

7 March 2013

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF LAWSON GOLD LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Lawson Gold Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Director – Audit & Assurance

Adelaide, 7 March 2013

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2012

		Consolidated	
		Group	Company
		Half-year ended	
		31 Dec 2012	31 Dec 2011
		\$	\$
Other income	6 (a)	4,994	76,258
Employee benefits expense	6 (b)	(50,000)	(50,000)
Depreciation expense		(1,074)	(1,911)
Finance costs		(53)	
Consultancy fees		(246,701)	(257,513)
Other expenses	6 (c)	(290,597)	(335,140)
Loss before income tax expense		(583,431)	(568,306)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(583,431)	(568,306)
Loss attributable to members of the parent entity		(583,431)	(568,306)
Other comprehensive income		-	-
Total comprehensive income for the period		(583,431)	(568,306)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(2.34)	(2.28)
Diluted earnings per share		(2.34)	(2.28)

The interim statement of comprehensive income is to be read in conjunction with the notes to the interim financial report.

Interim Consolidated Statement of Financial Position

As at 31 December 2012

	Note	Consolidated	Company
		Group	
		31 December	30 June
		2012	2012
		\$	\$
Current Assets			
Cash and cash equivalents		872,583	1,789,008
Trade and other receivables		17,715	52,369
Other current assets		103,834	2,902
Total Current Assets		994,132	1,844,279
Non-Current Assets			
Plant and equipment		5,293	6,367
Exploration and evaluation assets	7	1,090,988	1,036,090
Total Non-Current Assets		1,096,281	1,042,457
Total Assets		2,090,413	2,886,736
Current Liabilities			
Trade and other payables		69,611	282,503
Total Current Liabilities		69,611	282,503
Total Liabilities		69,611	282,503
Net Assets		2,020,802	2,604,233
Equity			
Issued capital	8	4,641,622	4,641,622
Reserves		139,500	139,500
Retained earnings		(2,760,320)	(2,176,889)
Total Equity		2,020,802	2,604,233

The interim statement of financial position is to be read in conjunction with the notes to the interim financial report.

Interim Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2012

	Company			
	Issued	Share	Accumulated	Total
	Capital	Option	Losses	Equity
	Ordinary	Reserve	Losses	Equity
	\$	\$	\$	\$
Balance at 1 July 2011	4,641,622	139,500	(692,899)	4,088,223
(Loss) for the period	-	-	(568,306)	(568,306)
Balance at 31 December 2011	4,641,622	139,500	(1,261,205)	3,519,917

	Consolidated Group			
	Issued	Share	Accumulated	Total
	Capital	Option	Losses	Equity
	Ordinary	Reserve	Losses	Equity
	\$	\$	\$	\$
Balance at 1 July 2012	4,641,622	139,500	(2,176,889)	2,604,233
(Loss) for the period	-	-	(583,431)	(583,431)
Balance at 31 December 2012	4,641,622	139,500	(2,760,320)	2,020,802

The interim statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Interim Consolidated Statement of Cash Flows

For the half-year ended 31 December 2012

	Consolidated	
	Group	Company
	Half-year ended	
	31 Dec 2012	31 Dec 2011
	\$	\$
Cash Flows From Operating Activities		
Interest received	12,389	77,813
Payments to suppliers and employees	(731,945)	(567,990)
Net Cash Used In Operating Activities	(719,556)	(490,177)
Cash Flows From Investing Activities		
Payments for exploration activities	(196,869)	(55,153)
Net Cash Used In Investing Activities	(196,869)	(55,153)
Net (decrease) in cash and cash equivalents	(916,425)	(545,330)
Cash at the beginning of the period	1,789,008	2,796,901
Cash At The End Of The Period	872,583	2,251,571

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial report.

Notes to the Interim Financial Statements

For the half-year ended 31 December 2012

1. Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on March 2013.

Lawson Gold Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange under the symbol LSN.

2. Significant accounting policies

Statement of compliance

The interim half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 “Interim Financial Reporting”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New standards, interpretations and amendments adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 ‘Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income’

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group’s presentation of, or disclosure in, its half-year financial statements.

Notes to the Interim Financial Statements

For the half-year ended 31 December 2012

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. Estimates

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2012.

4. Significant events and transactions

During the period under review the company signed various agreements relating to the establishment of an exploration joint venture in the Kingdom of Saudi Arabia. The agreements were subject to a number of conditions that are standard for completion of agreements of this type. A number of these conditions were not met within the required timeframe and subsequent to the end of the period, all the agreements lapsed.

5. Segment reporting

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and has concluded at this time that there are no separately identifiable segments.

Notes to the Interim Financial Statements

For the half-year ended 31 December 2012

6. Revenue and expenses

	Consolidated	
	Group	Company
	Half-year ended	
	31 Dec 2012	31 Dec 2011
	\$	\$
(a) Other Income		
Bank interest received or receivable	4,994	76,258
	<u>4,994</u>	<u>76,258</u>
(b) Employee Benefit Expenses		
Wages, salaries, directors fees and other remuneration expenses	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
(c) Other Expenses		
Accounting fees	35,839	36,524
Legal costs	153,604	169,790
Occupancy costs	2,727	7,000
Insurance	7,150	9,258
ASX fees	13,223	15,065
Travel & accommodation	23,341	44,323
Service Agreements	90	8,737
Audit fees	21,300	10,850
Other expenses	33,323	33,593
	<u>290,597</u>	<u>335,140</u>

7. Exploration and evaluation assets

	Consolidated	
	Group	Company
	31 December	
	2012	2012
	\$	\$
Balance at beginning of period	1,036,090	1,229,555
Capitalised exploration costs	54,898	192,330
Exploration costs written off	-	(385,795)
	<u>1,090,988</u>	<u>1,036,090</u>

Notes to the Interim Financial Statements

For the half-year ended 31 December 2012

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective exploration areas.

Exploration and evaluation expenditure has been carried forward to the extent that it is expected to be recouped through the successful development of the area where activities have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves.

8. Issued capital

	Consolidated	
	Group	Company
	As at	As at
	31 Dec 12	30 Jun 12
	\$	\$
Fully paid ordinary shares	4,641,622	4,641,622
	4,641,622	4,641,622
	Number	\$
Ordinary shares		
Balance at beginning of financial period	24,893,001	4,641,622
Balance at end of the financial period	24,893,001	4,641,622

9. Related party transactions

Quopa Pty Ltd, of which David Hillier is a Director, received consulting fees of \$108,790 during the half-year, in relation to the Saudi Arabia joint venture project.

Equant Resources Pty Ltd (Equant), of which David Turvey is a Director, has a Services Agreement to provide technical and management overview and evaluation services to the Company. Under the Agreement Equant will receive an hourly rate of \$230 (exclusive of GST and pro-rated for part hours) for providing Mr Turvey's services. Equant will also be reimbursed for any reasonable out of pocket expenses approved by the Company. During the half-year Equant received \$105,146 in consulting fees, primarily in relation to the Saudi Arabia project.

Watson's Lawyers, of which Peter Watson is a partner, received professional service fees of \$2,136.

HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the half-year totaling \$31,228. Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Limited.

Notes to the Interim Financial Statements

For the half-year ended 31 December 2012

10. Subsequent events

Subsequent to balance date the agreements with Mawarid Investments Limited and others to establish an exploration joint venture in the Kingdom of Saudi Arabia terminated.

11. Contingent liabilities

As at 31 December 2012 there were no contingent liabilities.

Directors' Declaration

In the opinion of the Directors of Lawson Gold Limited:

- (a) the interim financial statements and notes of Lawson Gold Limited are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D Hillier', with a long horizontal line extending to the right.

David Hillier
Chairman

7 March 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LAWSON GOLD LIMITED

We have reviewed the accompanying half-year financial report of Lawson Gold Limited (“Company”), which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration.

Directors’ responsibility for the half-year financial report

The directors of Lawson Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Lawson Gold Limited financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lawson Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lawson Gold Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Director – Audit & Assurance

Adelaide, 7 March 2013