

# **Lawson Gold Limited**

## **Interim Financial Statements**

**For the Half Year Ended 31 December 2015**

# Lawson Gold Limited

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For the Half Year Ended 31 December 2015

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## Directors' Report

31 December 2015

The directors submit the interim financial report of the the Group for the half year ended 31 December 2015.

### 1. General information

#### Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Mr Simon O'Loughlin, Chairman

Mr Peter Reid, Executive Director

Mr Donald Stephens, Non-Executive Director

### 2. Operating results and review of operations for the year

#### Review of operations

##### *Highlights*

- Staged \$1,000,000 mining farm-in joint venture agreement to fund exploration for nickel and gold.
- Ongoing review of potential new investment opportunities with high growth potential

##### *Corporate Activities*

Lawson Gold Limited (Lawson / the Company) continues the minimisation of ongoing expenditure whilst the board assess new business opportunities with high growth potential. Total expenditure on a cash basis for the half year ended 31 December 2015 was \$185,000 and the Company's cash position as at 31 December 2015 was \$619,000. No ground exploration activities were undertaken during the period. The Company remains in a strong position to attract new projects having a tight shareholding, low expenditure obligations and with a solid cash position.

In July 2015, the Company advised that it had executed a Mining Farm-In and Joint Venture Agreement with Moho Resources NL (Moho). Moho is a new, WA-focused, unlisted nickel, copper and gold exploration company directed by former Western Mining and Alcoa senior management. Moho will acquire equity in and fund exploration of the newly named Silver Swan North Project, comprising Lawson's Mining Lease M27/263 and Exploration Licence E27/345 located in the world-class Kalgoorlie, nickel and gold mining district (Figure 1).

For Moho to earn a 70% equity, the staged farm-in joint venture includes the drill testing of high priority electromagnetic targets, prospective for nickel sulphide mineralisation and \$1,000,000 spent over the two licences (refer to 27/07/15 ASX announcement). The Silver Swan North Project contains several highly conductive drill ready electromagnetic targets prospective for nickel (refer to 30/01/2015 ASX announcement) and the Lawson Gold Prospect, which has returned high-grade gold intersections from limited drill testing (refer to 9/2/11 ASX announcement).

It is Moho's intention to undertake geochemical and geophysical surveys over these target areas and other earlier stage prospects with drill testing of the best targets to follow. The introduction of a new exploration partner for the Silver Swan North project is significant. It will see exploration activities resume on these prospective nickel and gold leases and ensures Lawson can focus its efforts on acquiring other new investment initiatives with similar high growth potential.

Directors' Report  
31 December 2015

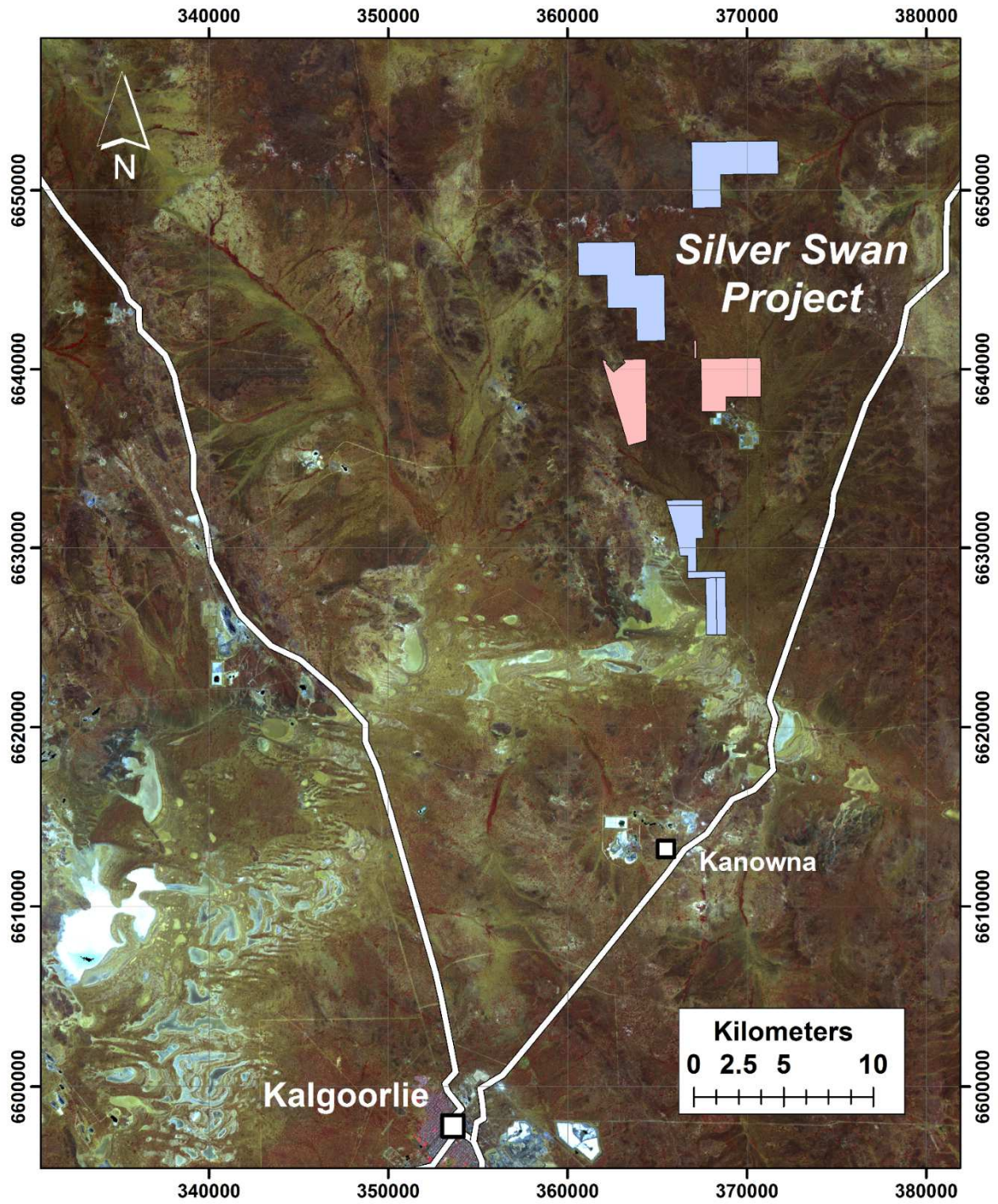


Figure 1: Silver Swan Project tenement holdings. Red licences in JV with Moho Resources.

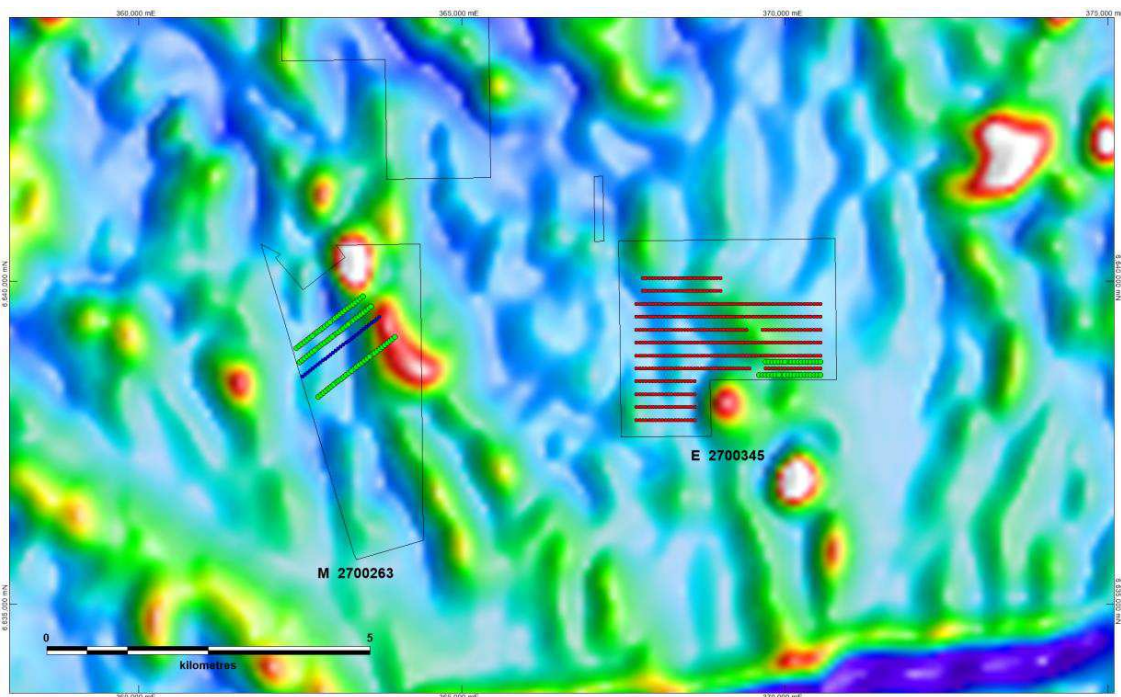
## Directors' Report

31 December 2015

### *Project Activities*

During the period, the Silver Swan North Nickel and Gold Joint Venture Project, progressed with its exploration activities. The project encompasses Mining Lease M27/263 and Exploration Licence E27/345 located in the world-class Kalgoorlie, nickel and gold mining district.

A closer examination of the geophysical and geological data has confirmed that the two Electromagnetic (EM) anomalies (Figure 2) known as Southeastern 1 (about 2 km north of Poseidon Nickel's high grade Silver Swan nickel mine) and Silver Swan North (about 5.7 km to the west), are the most prospective EM targets for massive nickel sulphide mineralisation identified to date (refer to 30/01/2015 ASX announcement for detail).



**Figure 2** Silver Swan ground electromagnetic (EM) stations (coloured lines) and location of EM targets to be drill tested shown over a pseudo colour reduced to pole aeromagnetic image.

An RC / diamond drilling program to test the EM targets is planned for the first half of 2016. A geological site visit was undertaken to check access to proposed drill pads and a Program of Works application has been submitted to the Western Australian Department of Mines and Petroleum. Discussions were initiated with heritage consultants to ensure that the drilling program does not affect sites of ethnographic and archaeological significance. No other ground exploration activities were undertaken during the period on Lawson's other tenement holdings.

**Competent Persons Statement:** The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Peter Reid, who is a Competent Person, and a Member of the Australian Institute of Geoscientists. Mr Reid is an Executive Director and part time contractor to Lawson Gold Ltd. Mr Reid has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reid consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**Directors' Report**  
**31 December 2015**

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2015 has been received and can be found on page 6 of the interim financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director: .....  
Mr Simon O'Loughlin, Chairman



Director: .....  
Mr Donald Stephens, Non-Executive Director

Dated this 2<sup>nd</sup> day of March 2016

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **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 review of Lawson Gold Limited for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner - Audit & Assurance

Adelaide, 2 March 2016

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Lawson Gold Limited

**Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half Year Ended 31 December 2015**

		31 December 2015	31 December 2014
	Note	\$	\$
Other income	3	8,943	17,696
Employee benefits expense		(44,199)	(49,764)
Depreciation expense		(256)	(642)
Other expenses		(66,763)	(88,610)
<b>Loss before income tax</b>		<b>(102,275)</b>	<b>(121,320)</b>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(102,275)</b>	<b>(121,320)</b>
<b>Loss for the half year</b>		<b>(102,275)</b>	<b>(121,320)</b>
<b>Other comprehensive income, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(102,275)</b>	<b>(121,320)</b>
Loss attributable to:			
Members of the parent entity		(102,275)	(121,320)
Total comprehensive income attributable to:			
Members of the parent entity		(102,275)	(121,320)
<b>Loss per share</b>			
Basic earnings per share (cents)		(0.24)	(0.49)
Diluted earnings per share (cents)		(0.24)	(0.49)

The accompanying notes form part of these financial statements.



Lawson Gold Limited

Interim Statement of Financial Position

31 December 2015

	31 December 2015	30 June 2015
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	619,385	803,502
Trade and other receivables	6,268	9,485
Other assets	13,191	776
TOTAL CURRENT ASSETS	<u>638,844</u>	<u>813,763</u>
NON-CURRENT ASSETS		
Property, plant and equipment	-	255
Exploration, evaluation and development assets	5 756,939	735,116
TOTAL NON-CURRENT ASSETS	<u>756,939</u>	<u>735,371</u>
TOTAL ASSETS	<u>1,395,783</u>	<u>1,549,134</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	35,002	86,078
TOTAL CURRENT LIABILITIES	<u>35,002</u>	<u>86,078</u>
NON-CURRENT LIABILITIES		
TOTAL LIABILITIES	<u>35,002</u>	<u>86,078</u>
NET ASSETS	<u>1,360,781</u>	<u>1,463,056</u>
<b>EQUITY</b>		
Issued capital	5,304,513	5,304,513
Reserves	-	139,500
Accumulated losses	(3,943,732)	(3,980,957)
<b>Total equity attributable to equity holders of the Company</b>	<u>1,360,781</u>	<u>1,463,056</u>
TOTAL EQUITY	<u>1,360,781</u>	<u>1,463,056</u>

The accompanying notes form part of these financial statements.

Lawson Gold Limited

**Interim Statement of Changes in Equity**

For the Half Year Ended 31 December 2015

31 December 2015

	Ordinary Shares	Retained Earnings	Option Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	<b>5,304,513</b>	<b>(3,980,957)</b>	<b>139,500</b>	<b>1,463,056</b>
Loss attributable to members of the parent entity	-	(102,275)	-	(102,275)
Transfer from share based payments reserve upon expiry of options	-	139,500	(139,500)	-
<b>Balance at 31 December 2015</b>	<b>5,304,513</b>	<b>(3,943,732)</b>	<b>-</b>	<b>1,360,781</b>

The accompanying notes form part of these financial statements.

Lawson Gold Limited

**Interim Statement of Changes in Equity**

For the Half Year Ended 31 December 2015

31 December 2014

	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2014</b>	4,641,622	(3,761,101)	139,500	1,020,021
Shares issued during the year	746,790	-	-	746,790
Loss attributable to members of the parent entity	-	(121,320)	-	(121,320)
Transaction costs	(82,586)	-	-	(82,586)
<b>Balance at 31 December 2014</b>	<b>5,305,826</b>	<b>(3,882,421)</b>	<b>139,500</b>	<b>1,562,905</b>

The accompanying notes form part of these financial statements.

Lawson Gold Limited

**Interim Statement of Cash Flows**  
**For the Half Year Ended 31 December 2015**

	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Payments to suppliers and employees	(158,194)	(162,877)
Interest received	11,218	10,480
Net cash used in operating activities	<u>(146,976)</u>	<u>(152,397)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for exploration activities	(37,141)	(70,859)
Net cash used in investing activities	<u>(37,141)</u>	<u>(70,859)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	-	746,790
Payment of transaction costs for issue of shares	-	(82,586)
Net cash provided by financing activities	<u>-</u>	<u>664,204</u>
Net increase/(decrease) in cash and cash equivalents held	(184,117)	440,948
Cash and cash equivalents at beginning of half year	<u>803,502</u>	<u>441,223</u>
Cash and cash equivalents at end of the half year	<u><u>619,385</u></u>	<u><u>882,171</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2015

The interim financial report covers Lawson Gold Limited and its controlled entities ('the Group'). Lawson Gold Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 11 March 2016.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2015 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Lawson Gold Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### 2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these Interim financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### Key judgments - capitalisation of exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$756,939.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2015**

**3 Result for the Year**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Interest income	<b>8,943</b>	12,766
Other income	-	4,930

**4 Operating Segments**

**Segment information**

The Group operates predominately in one business and geographical segment being Exploration and Evaluation activities contained within Australia. The Board therefore considers that there are no separately identifiable segments at this time.

**5 Exploration, evaluation and development assets**

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation	<b>756,939</b>	735,116
	<b>Exploration and evaluation</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Half year ended 31 December 2015</b>		
Balance at beginning of the year	<b>735,116</b>	<b>735,116</b>
Expenditure incurred	<b>21,823</b>	<b>21,832</b>
Balance at end of the year	<b><u>756,939</u></b>	<b><u>756,948</u></b>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**7 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: None).

**8 Events Occurring After the Reporting Date**

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Lawson Gold Limited**

**Directors' Declaration**

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 7 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director: .....  
Mr Simon O'Loughlin, Chairman



Director: .....  
Mr Donald Stephens, Non-Executive Director

Dated this 2<sup>nd</sup> day of March 2016



Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **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 consolidated financial statements being the statement of financial position as at 31 December 2015, 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 of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **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 consolidated 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 consolidated entity’s financial position as at 31 December 2015 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.

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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.

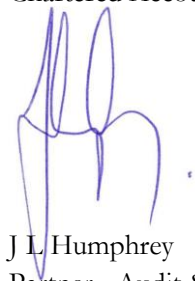
**Conclusion**

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 consolidated entity's financial position as at 31 December 2015 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 AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner - Audit & Assurance

Adelaide, 2 March 2016