LAWSON
GOLD LIMITED

ANNUAL REPORT 2012

CORPORATE INFORMATION

Lawson Gold Limited
ABN 32 141 804 104

DIRECTORS

Mr David Hillier (Chairman)

Mr David Turvey (Executive Director)

Mr Peter Watson (Non-Executive Director)

COMPANY SECRETARY

Mr Donald Stephens

REGISTERED OFFICE

Ground Floor

60 Hindmarsh Square

ADELAIDE SA 5000

PRINCIPAL PLACE OF BUSINESS

Ground Floor

60 Hindmarsh Square

ADELAIDE SA 5000

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Level 5

115 Grenfell Street

ADELAIDE SA 5000

LEGAL ADVISORS

Watsons Lawyers

Ground Floor, 60 Hindmarsh Square

ADELAIDE SA 5000

BANKERS

National Australia Bank

22 – 28 King William Street

ADELAIDE SA 5000

AUDITORS

Grant Thornton Audit Pty Ltd

Chartered Accountants

Level 1

67 Greenhill Road

WAYVILLE SA 5034

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CHAIRMAN'S LETTER

Dear Shareholder

The past twelve months have been interesting, challenging and ultimately rewarding as the Company focussed on the search for mineral deposits that might be exploited economically. We have had success in adding to the tenements that form the Lawson Gold Project in WA, and on 8 August 2012 announced the acquisition of an interest in 16 granted exploration licences in Saudi Arabia.

The Board believes that the Saudi tenements have significant potential to meet the Company's objective of discovery and development of commercial deposits of gold and other metals. All of these tenements are located in western Saudi Arabia within the Arabian-Nubian Shield (ANS). Gold and base metal mineralisation is ubiquitous throughout the ANS which is host to several significant gold and base metal deposits. The 12 million ounce Sukari and 3.3 million ounce Lega Dembi gold deposits and the Jabal Sayid copper deposit (37Mt @ 2.2%Cu) are examples of ANS potential. Lawson intends, subject to completion of a capital raising, to spend approximately $8m exploring the Saudi tenements in the first year of its incorporated Joint Venture with Mawarid Investments Limited, with the drilling of a number of identified prospects as a first priority.

Mawarid Investments Limited is part of the Saudi based conglomerate Mawarid Holdings Group. Mawarid has little exploration and no development experience and Lawson (through a subsidiary) will be appointed manager of the incorporated joint venture from the implementation date. The Company expects to send comprehensive details of the tenement package and details of the transaction to shareholders within a few weeks of this annual report and will make every effort to hold the annual general meeting and a shareholder meeting to approve the transactions, on the same day.

In order to ensure that there is appropriate management focus on both projects, and as a means of maximising the value to shareholders, the Company will, subject to shareholder approval, demerge all of the Western Australian exploration tenements, plus $2.2 million in cash, into a new entity and distribute the shares in that entity to Lawson shareholders on a one for one basis. With four additional prospecting licences granted during the year and recent success in a ballot application for a further exploration licence to the northwest of the Lawson Project, the new entity will be able to follow-up and expand on the early prospects of mineralisation that Lawson has identified. Recent exploration success as well as corporate activity amongst near neighbours provides further encouragement for the future of investment in this area.

The upcoming annual general meeting and the shareholder meeting that, at the time of writing, is expected to follow it immediately, are important milestones in the evolution of Lawson Gold and shareholders are encouraged to attend.

David Hillier
CHAIRMAN

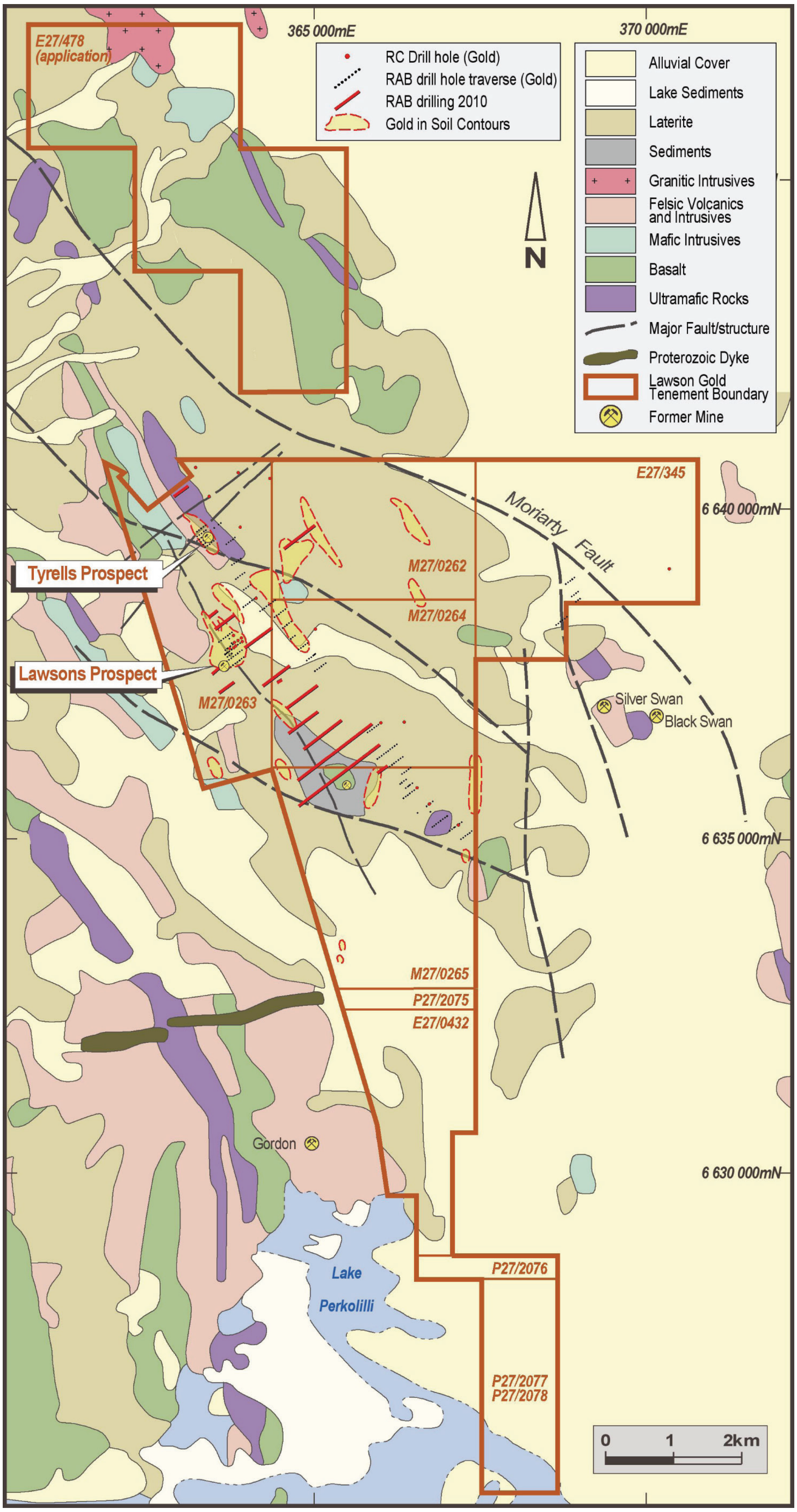

Figure 1 *Location plan and geological interpretation – Lawson Gold Project, Western Australia.*

BACKGROUND AND EXPLORATION HISTORY

The Lawson Gold Project is situated in the Eastern Goldfields region of Western Australia approximately 45 km north of Kalgoorlie in the Kanowna gold mining district. It consists of three exploration licences E27/345, E27/432 and E27/478 (application) as well as four mining leases (M27/262-265) and four prospecting licences (P27/2075-2078), covering approximately 72 sq km (Figure 1).

The project area lies within the highly prospective Kanowna Greenstone Belt that hosts significant gold and nickel deposits. It is located approximately 15 km north of the Kanowna Belle Gold Mine (produced >4 Moz Au and remaining resources 1-2 Moz Au) and 2 km north and northwest of the Silver Swan Nickel Mine (previously mined high-grade deposits >900,000 tonnes at 6-10% Ni) and a group of nearby deposits including Black Swan (10.4 million tonnes at 0.83% Ni) and Cygnet (1.1 million tonnes at 2.1% Ni).

The Lawson Gold Project area has been held under a succession of tenements and was explored for nickel and associated base metals by numerous companies from the mid 1960s. Gold exploration is noted from the 1980s, however to date the only comprehensive gold exploration was carried out by Mt. Kersey Mining NL during 1990-1999 with follow-up RC drilling on some targets by NiQuest Ltd during 2004-2005 – mainly at the Lawson and Tyrell prospects. FerrAus Limited conducted a RAB drilling program during early 2010 with variable and patchy gold results in regolith samples.

Previous work by Lawson Gold Ltd in 2010-2011 comprised a number of detailed studies and field activities focussed on gold exploration. A comprehensive data search for historic exploration information yielded useful geochemical and drilling data which aided exploration. A detailed diamond drilling program at the Lawson and Tyrells Prospects was successful in locating high grade gold mineralisation at the Lawson Prospect and clarified the controls on its orientation. Significant assays in diamond drillhole LWD002 included 3 metres @ 37.2 g/t gold (from approximately 45 m depth) hosted in quartz veined & brecciated coarse grained volcanoclastic rocks and 12 metres @ 1.1 g/t (~60 m depth) in strongly altered (silicified), quartz veined feldspar porphyry.

During 2010-2011, over 2,200 soil samples were collected across the tenements to extend areas of known gold in soil anomalies and explore new areas. Numerous historic drillholes were resampled and areas were geologically mapped and rock chip sampled. Three new prospects were named, including Happs, Yalumba North and Yalumba South.

SUMMARY OF EXPLORATION ACTIVITIES

During the 2011-2012 reporting period, work at the Lawson Gold Project focussed on the assessment and review of all exploration datasets in order to develop a new exploration strategy for the project going forward. In addition, work paused to allow the granting of new Prospecting Licences (P27/2075-2078) in the south so they could be included in the exploration focus. Difficulties were experienced in securing suitable exploration personnel to carry out proposed reconnaissance drilling programs at the Project.

Work completed during the reporting period included:

- In depth review of available data the over entire tenement area
- Geochemical compilation and interpretation bringing all historic datasets together and generating new targets
- Geophysical interpretation and new target generation on Lawson's tenements leading to discussions and mine visits on surrounding prospective tenements to evaluate potential JV opportunities
- Proposal for RAB and RC drilling of new targets
- Environmental rehabilitation of diamond drill sites in line with DMP guidelines.

DATA SYNTHESIS

A review of all existing data was conducted to assess the exploration potential of the Lawson Project and devise a new exploration strategy. During the 2010-2011 exploration program, a large amount of data was acquired in a relatively short period and it was necessary to compile, verify and carefully assess this data before moving forward with the next drilling campaign which is now scheduled for early 2013.

GEOPHYSICAL INTERPRETATION

During the reporting period, Lawson Gold committed to undertaking a project scale as well as a regional scale aeromagnetic interpretation. Mr Bruce Craven of Southern Geoscience Consultants (SGC) was commissioned to source, merge and interpret additional datasets to aid an assessment of the project's prospectivity for gold and base metals mineralisation. An interpretation was prepared of the immediate project area at 1:12,500 scale (Figure 2) as well as a regional interpretation at 1:100,000 scale. The purpose of this broader focus was to place the project in a regional tectonic framework so that similarities with structural architectural at other mines in the area could be assessed.

A series of gold targets was inferred from the study, including 20 targets based on possible alteration zones and a further 16 targets based on potential dilatational structural settings. Three nickel targets were interpreted from the ultramafic sequence and intermediate surrounds. These are basically a continuation of the Silver Swan/Black Swan sequence which has nickel sulfide exploration potential. The regional interpretation reinforced the highly prospective nature of the Lawson project, highlighting favourable loci of gold mineralisation in the region.

These geophysical interpretations became an essential springboard for discussions, site visits and data reviews of surrounding mines and tenements with a view to expanding Lawson Gold's footprint in the region. A number of initiatives and approaches ensued as well as careful monitoring of ground availability, which resulted in application for a new exploration licence (E27/478) in early 2012. This new licence is prospective for gold and nickel mineralisation based on the mafic and ultramafic host rocks and the interpreted structural setting that is along trend from recent gold discoveries by Pioneer Resources Limited (i.e. Tregurtha and Hughes gold deposits now owned by Carrick Gold Limited).

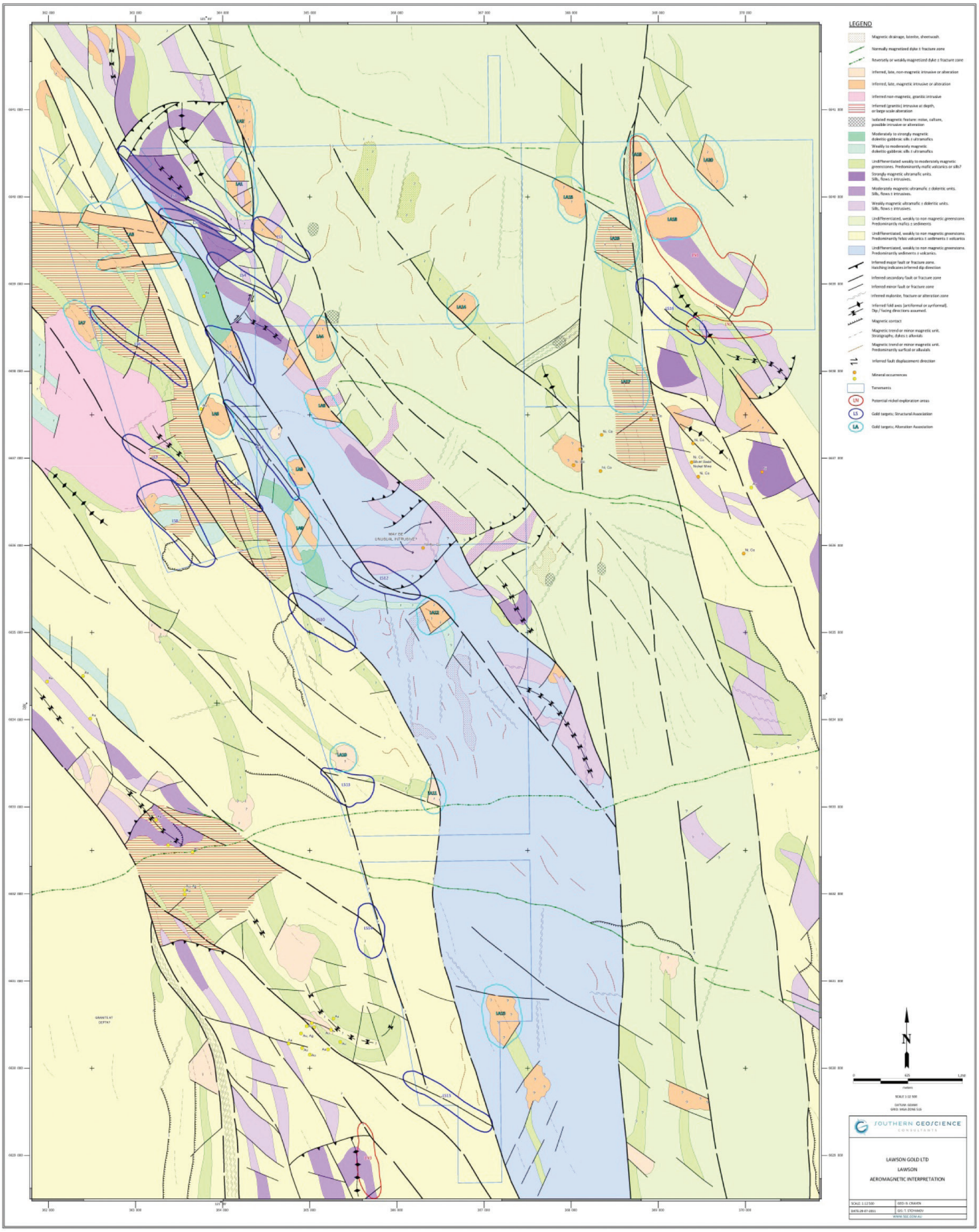

Figure 2 *Project scale geophysical interpretation and target generation - Lawson Gold Project, Western Australia.*

GEOCHEMICAL INTERPRETATION AND DATA COMPILATION

A review of the available geochemistry over the Lawson Gold Project was undertaken by consultant geochemist Nigel Brand at Geochemical Services Pty Ltd. At least nine phases of geochemical sampling have taken place over different parts of the project area, from soil and laterite sampling to auger drilling (Figure 3). This plethora of data from different sources using different sampling and assay techniques for differing commodities was difficult to merge and assess, but a number of useful conclusions were drawn.

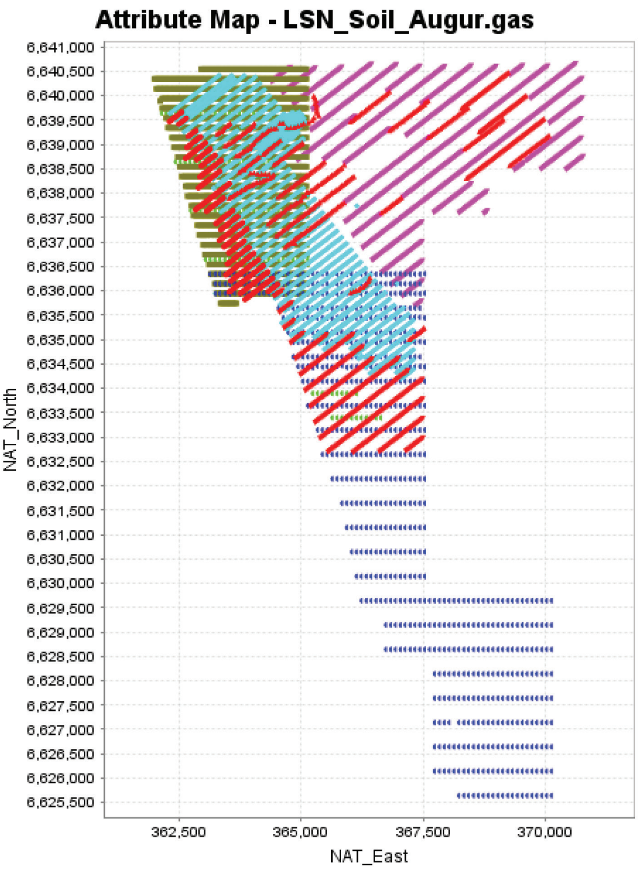

Figure 3 *Useable geochemical data sources identified during study*

(Note: "Gutnick" refers to Gutnick Group Companies including Centaur Mining and Exploration Limited (acquired Mt Kersey Mining) and Australian Gold Resources that had gold mining operations at Lady Bountiful – Ora Banda and were exploring for gold in the area during 1988-1991).

Gold anomalies were generated through leveling and filtering the combined data using ioGAS software. Twenty-five anomalies were generated (see Figure 4), including four high priority targets (which included the known Lawson and Tyrell's prospects) along with seven medium priority targets. Auriferous and arsenic corridors have been documented which may warrant greater scrutiny when combined with structural and geophysical data. Little nickel potential was noted in the geochemical data. A statistical analysis the dataset indicated appropriate thresholds for gold mineralisation at 20, 40 and 80 ppb.

The study included a detailed examination of drilling geochemistry at the Lawson Prospect using Leapfrog software for insights into gold trends and orientations. One important conclusion noted is that deep drilling appears to have drilled parallel to the plane of mineralisation, so drilling orientation needs to be considered carefully in future campaigns.

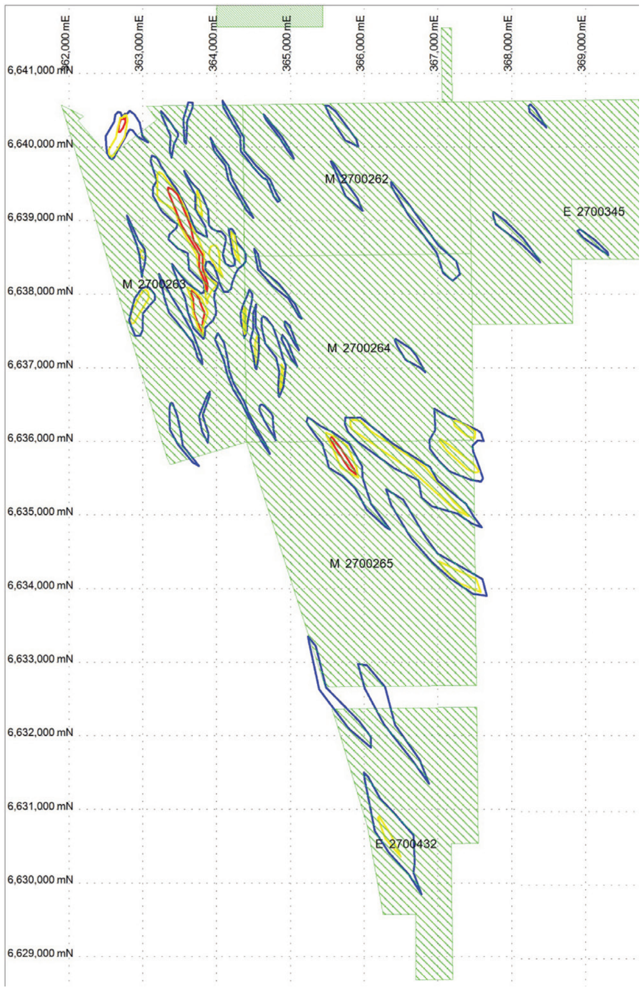

Figure 4 *Geochemical Gold in soil anomalies, combined datasets (blue is >20 ppb gold yellow 40 ppb gold and red 80 ppb gold)*

PROPOSED EXPLORATION PROGRAM

Following the geochemical and geophysical studies, an exploration program of RC and RAB drilling was proposed at the Lawson Project. This proposal involves drilling 171 RAB holes and 11 RC holes across geophysical, geochemical and geological targets for gold mineralisation in several geological settings and mineralisation styles (Table 1). The gold targets include Mulgarrie style mineralisation (quartz veined and breciated porphyry intrusive rocks within sheared ultramafic rocks) and Gordon-Sirdar and Kanowna Belle style mineralisation (brecciated intermediate-acidic volcanoclastics and intrusive rocks). The proposed holes are ranked by priority on the basis of perceived prospectivity and are shown in Figure 5 below.

Table 1 Proposed drillholes at the Lawson Project, Western Australia.

Priority	Type of proposed drilling	Number of holes	Total m	Cost $
P1	RAB	82	4,100	82,000
P2	RAB	44	2,200	44,000
	RC	11	1,100	45,000
P3	RAB	45	2,250	45,000
Total		182	9,650	216,000

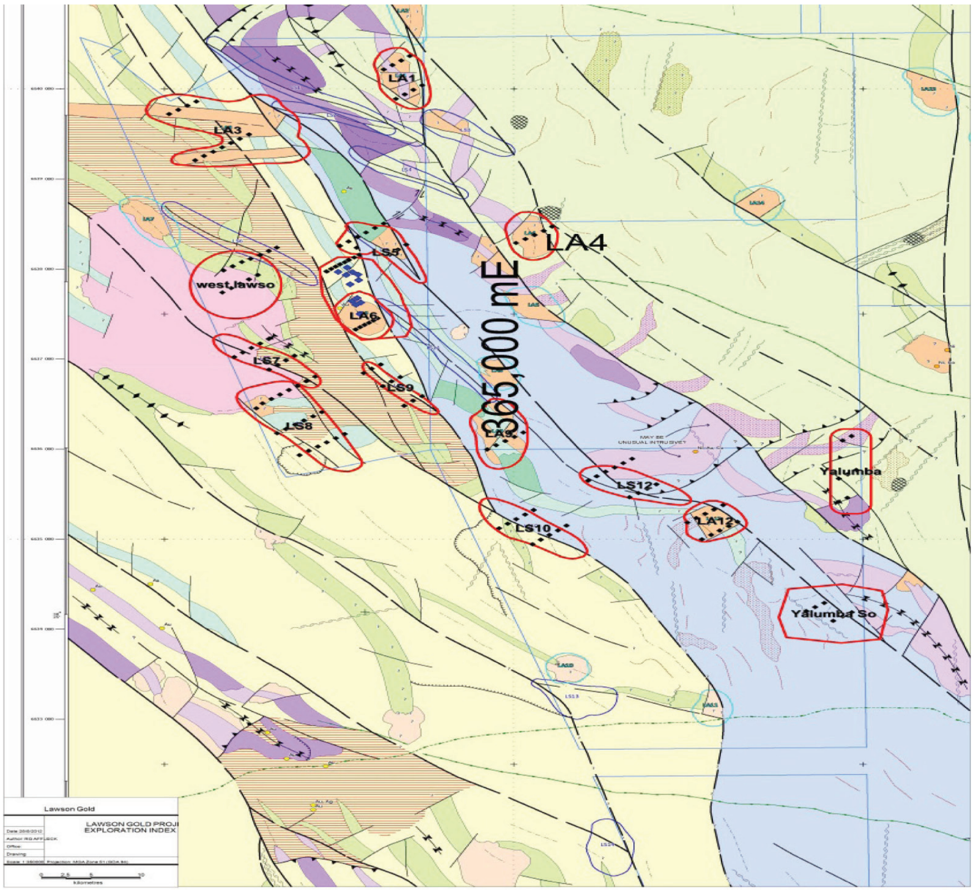

Figure 5 Proposed drilling targets, Lawson Project

REHABILITATION AND ENVIRONMENTAL WORK

During the reporting period all 2011 diamond drillholes had collars removed and sumps rehabilitated in line with recommended standard procedures (see Figure 6). In addition the exploration camp was demobilised to eliminate the chance of pilferage and the site cleared to remove all rubbish. All items are in storage at Boulder for future work programs.

Figure 6 *Before and after photos of diamond drillhole rehabilitation, Lawson Prospect*

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.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2012.

This annual report covers Lawson Gold Limited (ABN 32 141 804 104) as an individual entity. The Company's functional and presentation currency is Australian dollars.

A description of the Company's operations and of its principal activities is included in the review of operations and activities in the Directors' report.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows:

David Hillier	Chairman, Non-Executive Director	Appointed 02/02/10
David Turvey	Executive Director	Appointed 02/02/10
Peter Watson	Non-Executive Director	Appointed 02/02/10

Names, qualifications, experience and special responsibilities

David Hillier

Non-Executive Chairman
(FCA, AMP (Harvard), MAICD)

David Hillier is a chartered accountant and has more than 30 years experience in the resources industry globally. Mr Hillier was previously Executive Chairman of Buka Gold Limited which successfully identified a number of gold anomalies in the Maryborough Basin in Queensland, an area not previously considered prospective for gold. Throughout 2008 he worked as Chief Financial Officer, and subsequently as an executive director, of Buka's major shareholder based in London. Between 1989 and 2002, Mr Hillier held a range of senior executive positions in the Normandy Mining Limited Group of companies and was Chief Financial Officer of Normandy for six of these years. He has served as Chairman and as a director of a number of public companies in the mining and exploration field. Mr Hillier is a Non-Executive Director of Phoenix Copper Limited.

David Turvey

Executive Director
(BSc (Hons))

Mr Turvey is a geologist and founding Director of Equant Resources Pty Limited, a resource consulting company that provides technical evaluation and business development studies of global mineral projects. Mr Turvey is also a Director of Sterling Mining Partners Pty Ltd, a consulting company that provides corporate advisory services. Mr Turvey was Managing Director of FerrAus Limited from 7 December 2005 to 31 May 2009 and Non-Executive Director thereafter until he retired from the FerrAus Board on 15 December 2009. Prior to 1998, Mr Turvey worked with companies including Normandy Mining, Chevron Corporation and CSR Limited managing successful mineral exploration programs and business development teams. His 29 years' experience in the mineral industry has included seven years in expatriate management roles in South East Asia. Mr Turvey is a Non-Executive Director of Southern Gold Limited.

Peter Watson

Non-Executive Director
(LLB(Hons))

Educated in Perth and Melbourne and holding a Bachelor of Laws (with honours) degree from Melbourne University, Mr Watson has over 40 years' experience in legal practice. He has been a Partner (and Managing Partner in both Perth and Melbourne) of a national law firm. In 1999, Mr Watson joined Normandy Mining Limited (then Australia's largest gold mining company) as a Group Executive and Group Legal Counsel. Following the 2002 takeover of Normandy Mining by Newmont Mining Corporation of the US, Mr Watson established Watsons Lawyers. Over Mr Watsons's lengthy career he has acted for major players in the automotive, mining (particularly gold mining) and construction industries as well as a wide range of clients in many other industries. He has worked extensively in the mergers and acquisitions field, in takeovers, schemes of arrangement, trade sales and commercial joint ventures and has represented bidders for and owners/developers of numerous major projects.

Mr Watson also has extensive experience in all aspects of the resources industries (acting for explorers, mine developers and producers) and in corporate, project, multicurrency and commodity based financing.

Mr Watson is a Non-Executive Director of Phoenix Copper Limited.

COMPANY SECRETARY

Donald Stephens

(BA(Acc), FCA)

Mr Stephens is a Chartered Accountant and corporate adviser with more than 20 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of Chartered Accountants. He is a Non-Executive Director of Mithril Resources Limited, TW Holdings Ltd and Papyrus Australia Limited and is Company Secretary to Minotaur Exploration Limited, Toro Energy Limited, Musgrave Minerals Limited and Petratherm Limited. He holds other Company Secretary positions and directorships with private companies and provides corporate advisory services to a wide range of organisations. He is a member of the Company's audit committee.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options of Lawson Gold Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
David Hillier	100,000 (1)	200,000 (1)
David Turvey	100,000 (1)	100,000 (1)
Peter Watson	150,000 (1)	100,000 (1)
Total	350,000	400,000

(1) Held by Directors and entities in which Directors have a relevant interest.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board is responsible for the corporate governance of the Company including its strategic development. The Company operates in accordance with the corporate governance principles set out by the ASX Corporate Governance Council and required under ASX listing rules.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Company shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to employees and key consultants.

The key responsibilities of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- if a Managing Director is appointed, reviewing annually the performance of the Managing Director against the objectives and performance indicators established by the Board;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Board has not publicly disclosed a statement of matters reserved for the Board, or the Board charter and therefore the Company has not complied with recommendation 1.3 of the ASX Corporate Governance Council. Given the size of the Company at this time, the Board does not consider the formation of a Board charter necessary.

Principle 2: Structure the Board to add value

Size and Composition

The Board consists of two Non-Executive Directors and one Executive Director.

The Directors consider the size and composition of the Board is appropriate given the size and stage of development of the Company.

Directors are expected to bring independent views and judgment to the Board's deliberations.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive the Board papers related to those specific transactions or potential transactions, do not participate in any Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of the transaction or potential transaction, and will be asked not to discuss the transaction or potential transaction with other Directors.

Nomination, retirement and appointment of Directors

The Board has not established a nomination committee and therefore the Company has not complied with recommendation 2.4 of the Corporate Governance Council. Given the size of the Company at this time the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters. The composition/membership of the Board is subject to review in a number of ways, including:

- The Company's constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election.
- Board composition will also be reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new Director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Company. Once it has been agreed that a new Director is to be appointed, a search would be undertaken, potentially using the services of external consultants. Nominations would then be reviewed by the Board.

Evaluation of Board performance

The Board continually reviews its performance and identifies ways to improve performance. The Chairman is responsible for reviewing the Board performance on an annual basis.

Board Committee

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

At the present time no committees, other than an audit committee, have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

The Board has not publicly disclosed the process for evaluating the performance of the Board, its committees and individual Directors. Therefore, the Company has not complied with recommendation 2.5 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider disclosure of the performance evaluation necessary at this stage.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Board recognises the need for Directors and employees as well as consultants and contractors while engaged in work for the Company to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees and consultants and contractors while engaged in work for the Company are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board, all employees and consultants and contractors while engaged in work for the Company. The code of conduct can be viewed on the Company's website. The Board takes ultimate responsibility for these matters.

Securities Trading Policy

The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company ("Representatives").

This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

CORPORATE GOVERNANCE STATEMENT continued

Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.

Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information or drilling results are permitted to trade in the Company's securities throughout the year except during the following periods:

a) the period between the end of the March and September quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports;

b) the period between the end of the June quarter and the release of the Company's annual report to ASX; and

c) the period between the end of the December quarter and the release of the Company's half year report to ASX.

In exceptional circumstances the Board may waive the requirements of the Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two business days of the change.

The Securities Trading Policy can be viewed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The Company aims to structure management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Company includes:

- review and consideration of the financial statements by the audit committee; and
- a process to ensure the independence and competence of the Company's external auditors.

Audit Committee

The audit, risk and compliance committee comprises Peter Watson (chair of the committee) and David Hillier, both Non-Executive Directors, and Donald Stephens, the Company Secretary.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The committee has not been structured to contain three Non-Executive Directors who are independent Directors and therefore the Company has not complied with recommendation 4.2 of the ASX Corporate Governance Council. Given the relative skills and experience of the audit committee, the Board believes the structure and process to be adequate. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all the Company Shareholders and investors have equal access to the Company's information. The Board will ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the Chairman for all governance matters.

The Company has not publicly disclosed a formal disclosure policy and therefore has not complied with recommendation 5.1 of the ASX Corporate Governance Council. Given the size of the Company, the Board does not consider public disclosure to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 6: Respect the rights of Shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company's website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the Annual General Meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the ASX Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of a communications policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board. The Board has also established an Audit, Risk and Compliance Committee which addresses the risks to the Company.

The Board will review and monitor the parameters under which such risks will be managed. Management accounts will be prepared and reviewed at Board meetings. Budgets will be prepared and compared against actual results.

The Company has not publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 of the ASX Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider the disclosure of a risk management policy to be appropriate at this stage.

Principle 8: Remunerate fairly and responsibly

The Chairman and the Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is $250,000. This amount cannot be increased without Shareholder approval.

The Board has not established a remuneration committee and therefore the Company has not complied with recommendation 8.1 and 8.3 respectively of the ASX Corporate Governance Council. Given the size of the Company, the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters.

DIVIDENDS

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year 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 and other metals.

OPERATING RESULTS

The loss of the Company for the year after providing for income tax amounted to $1,483,990 (period ended 30 June 2011: $692,899).

OPERATIONS OVERVIEW

Please refer to the review of operations contained at the front of this report.

RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks are identified on a timely basis and that the opportunities align with the Company's objectives and activities.

The Company has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

AFTER BALANCE DATE EVENTS

On 8 August 2012, the Company announced that it had signed agreements to implement, subject to shareholder approval, investment in an incorporated Saudi Arabian exploration joint venture with Mawarid Investments Limited (Mawarid).

The commercial terms are summarised below. In addition the Company and Mawarid have agreed to advance USD340,000 each to supplement a similar amount already committed by the transaction sponsor, in order to expedite exploration work on the most prospective licences. The Company's commitment is refundable in the event completion does not occur.

The summarised major terms of the transaction are:

1. An initial consideration of 77.1 million Lawson Gold Limited shares to Mawarid for the purchase of a 5% interest in the joint venture, together with the issue of 76.3 million shares to the sponsor of the transaction.
2. Expenditure on exploration activity over four years totaling USD34.3 million, 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 totaling USD7.8 million and all payable in shares at various prices.

The full details of the transaction were set out in an announcement to ASX on 2 April 2012 available on the Company's website and are included in the Notice of Meeting to be sent to shareholders in the near future.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 2 April 2012 the Company announced the intention to form an incorporated joint venture with Mawarid to explore 16 licences held by the Mawarid Group in the Kingdom of Saudi Arabia. The licences are considered highly prospective for copper, gold and base metals. As part of the refocus of its activities and subject to shareholder approval, Lawson Gold will demerge all of the tenements held in Western Australia into a new listed company and distribute the shares in that new entity to existing shareholders of Lawson. The signing of definitive documentation was announced on 8 August 2012.

LIKELY DEVELOPMENTS

Lawson Gold shareholders will be asked to approve the investment in the Saudi Arabian joint venture, the divestment of the WA tenements and $2.2million in cash, and a number of resolutions necessary to implement these transactions at a meeting in the fourth quarter of 2012. A fundamental condition precedent to the transactions proceeding is that Lawson Gold will raise a minimum of $15 million in new equity at 20c per share.

Comprehensive details of all of the resolutions and the commercial and technical background will be included in the Notice of Meeting to shareholders.

If shareholders approve the transactions completion is expected to occur promptly and the Saudi Arabian joint venture, to be managed by the Lawson Gold group, will immediately commence a substantial exploration program which anticipates the expenditure of USD8 million in the first year and an aggregate of at least USD34.3 million over four years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's current environmental obligations are regulated under both Western Australian State and Federal Law. The Company is committed to conduct its activities with high standards of care for the natural environment. The Company will apply the most appropriate standards to each activity and communicate with employees, contractors and communities about environmental objectives and responsibilities. No environmental breaches have been notified by any Government agency during the year ended 30 June 2012.

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

In running its business, the Company aims to protect the health, safety and welfare of employees, contractors and guests. In the reporting period the Company experienced no lost time injuries. The Company reviews its Occupational Health, Safety and Welfare (OHS&W) policy at regular intervals to ensure a high standard of OHS&W.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Throughout the year, the Company has had in place and paid premiums for insurance policies with a limit of liability of $10 million, indemnifying each Director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. The contracts of insurance contain confidentiality provisions that preclude disclosure of premium paid.

SHARE OPTIONS

Unissued Shares

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price $	Balance at 1 July 2011	Net Issued/ (Exercised/Lapsed) during Year	Balance at 30 June 2012
05/08/2010	04/08/2015	0.30	300,000	-	300,000
05/08/2010	04/08/2015	0.40	600,000	-	600,000
			900,000	-	900,000

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Hillier	4	4	2	2
David Turvey	4	4	-	-
Peter Watson	4	4	2	2

The Company has an audit committee consisting of the following key personnel:

David Hillier	Non-Executive Chairman
Peter Watson	Non-Executive Director (Committee Chair)
Donald Stephens	Company Secretary

VOTING AND COMMENTS MADE AT THE COMPANY'S 2011 ANNUAL GENERAL MEETING

Lawson Gold Limited received more than 96% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive specific feedback on its remuneration report at the AGM.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton Audit Pty Ltd, in its capacity as auditor for the Company, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 22.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Company.

The remuneration and entitlement information, required to be disclosed by the Corporations Act, is provided below.

KEY MANAGEMENT REMUNERATION POLICY

The Board is responsible for determining remuneration policies applicable to Directors and senior executives of the Company. The policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Company's financial performance.

The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is currently $250,000. This cannot be increased without approval of the Company's shareholders.

KEY MANAGEMENT PERSONNEL REMUNERATION AND EQUITY HOLDINGS

The Board currently determines the nature and amount of remuneration for Key Management Personnel of the Company. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results.

All remuneration paid to Key Management Personnel is expensed as incurred. Key Management Personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Options are valued using the Black-Scholes methodology and are recognised as remuneration over the vesting period.

The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

REMUNERATION REPORT (AUDITED) continued

KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE YEAR ENDED 30 JUNE 2012

	Short Term Benefits	Post Employment	Share-based Payments	Total
	Salary, Fees & Bonuses $	Superannuation $	Value of Options $	$
David Hillier[1]				
2012	40,000	-	-	40,000
2011	36,139	-	31,200	67,339
David Turvey[2]				
2012	27,523	2,477	-	30,000
2011	93,442	2,272	15,900	111,614
Peter Watson[3]				
2012	30,000	-	-	30,000
2011	27,103	-	15,900	43,003
Donald Stephens[4]				
2012	-	-	-	-
2011	-	-	-	-
Total				
2012	97,523	2,477	-	100,000
2011	156,684	2,272	63,000	221,956

Key Management Personnel in the above table include Directors and specified executives.

1) David Hillier received administration consulting fees of $158,872 (2011: $20,580) for assistance in relation to the Saudi Arabian joint venture project during the year.

2) 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 year Equant received $139,025 (2011: $68,198) in consulting fees.

3) Watson's Lawyers, of which Peter Watson is a partner, received professional service fees of $4,561 (2011: $81,540).

4) HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling $61,706 (2011: $42,196). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Limited.

OPTIONS ISSUED AS PART OF REMUNERATION

No options were issued to Key Management Personnel during the year. Options were issued to Directors in the previous year to reward them for working as Directors in the period from incorporation to listing. These options were valued using the Black-Scholes method (Note 12).

	Grant Date	Grant Number	Exercise Period		Value per option at grant date $	Exercise Price $	Total Fair value $	Expensed during the year $	% of Remuneration
			Exercise Date	Expiry Date					
D Hillier	5/08/2010	100,000	4/08/2012	4/08/2015	0.159	0.30	15,900	15,900	24
	5/08/2010	100,000	4/08/2012	4/08/2015	0.153	0.40	15,300	15,300	23
D Turvey	5/08/2010	100,000	4/08/2012	4/08/2015	0.159	0.30	15,900	15,900	14
P Watson	5/08/2010	100,000	4/08/2012	4/08/2015	0.159	0.30	15,900	15,900	37
Total		400,000					63,000	63,000	

Option holdings of Key Management Personnel

30 June 2012	Balance at start of year	Granted as remuneration	Balance at end of year	Exercisable at end of year	Not exercisable at end of year
D Hillier	200,000	-	200,000	-	200,000
D Turvey	100,000	-	100,000	-	100,000
P Watson	100,000	-	100,000	-	100,000
D Stephens	-	-	-	-	-
Total	400,000	-	400,000	-	400,000

30 June 2011	Balance at incorporation	Granted as remuneration	Balance at end of period	Exercisable at end of period	Not exercisable at end of period
D Hillier	-	200,000	200,000	-	200,000
D Turvey	-	100,000	100,000	-	100,000
P Watson	-	100,000	100,000	-	100,000
D Stephens	-	-	-	-	-
Total	-	400,000	400,000	-	400,000

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

30 June 2012	Balance at start of year	Net Change Other	Balance 30 June 2012
D Hillier*	100,000	-	100,000
D Turvey*	100,000	-	100,000
P Watson*	150,000	-	150,000
D Stephens	-	-	-
Total	350,000	-	350,000

30 June 2011	Balance at incorporation	Net Change Other	Balance 30 June 2011
D Hillier*	-	100,000	100,000
D Turvey*	-	100,000	100,000
P Watson*	-	150,000	150,000
D Stephens	-	-	-
Total	-	350,000	350,000

* Held by Directors and entities in which Directors have a relevant interest.

Signed in accordance with a resolution of the Board of Directors.

David Hillier
NON-EXECUTIVE CHAIRMAN

Dated this 28th day of September 2012

Grant Thornton

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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 30 June 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, 28 September 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012 $	2011 $
Other income	4 (a)	155,060	182,189
Impairment of non-current assets	11	(385,795)	(250,000)
Consultancy fees		(444,421)	(54,371)
Employee benefits expense	4 (b)	(100,000)	(153,757)
Depreciation expense		(3,812)	(4,808)
Administration expenses	4 (c)	(705,022)	(284,172)
Loss before income tax expense		(1,483,990)	(564,919)
Income tax (expense)	5	-	(127,980)
Loss for the period		(1,483,990)	(692,899)
Loss attributable to members of the entity		(1,483,990)	(692,899)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,483,990)	(692,899)

Earnings per share:		2012 Cents	2011 Cents
Basic loss per share	6	(5.96)	(4.11)
Diluted loss per share	6	(5.96)	(4.11)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	7	1,789,008	2,796,901
Trade and other receivables	8	52,369	156,229
Other	9	2,902	15,497
Total current assets		1,844,279	2,968,627
Non-current assets			
Plant and equipment	10	6,367	10,179
Exploration and evaluation assets	11	1,036,090	1,229,555
Total non-current assets		1,042,457	1,239,734
TOTAL ASSETS		2,886,736	4,208,361
LIABILITIES			
Current liabilities			
Trade and other payables	13	282,503	120,138
Total current liabilities		282,503	120,138
Total non-current liabilities		-	-
TOTAL LIABILITIES		282,503	120,138
NET ASSETS		2,604,233	4,088,223
EQUITY			
Issued capital	14	4,641,622	4,641,622
Reserves	15	139,500	139,500
Accumulated losses		(2,176,889)	(692,899)
TOTAL EQUITY		2,604,233	4,088,223

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at Incorporation	-	-	-	-
Total comprehensive income	-	(692,899)	-	(692,899)
Seed capital issued at incorporation on 2 February 2010	1	-	-	1
Shares issued as consideration for acquisition of tenements on 23 April 2010	300,000	-	-	300,000
Shares issued via initial public offering on 23 July 2010	4,678,600	-	-	4,678,600
Fair value of options issued	-	-	139,500	139,500
Transaction costs (net of tax)	(336,979)	-	-	(336,979)
Balance at 30 June 2011	4,641,622	(692,899)	139,500	4,088,223
Balance at 1 July 2011	4,641,622	(692,899)	139,500	4,088,223
Total comprehensive income	-	(1,483,990)	-	(1,483,990)
Balance at 30 June 2012	4,641,622	(2,176,889)	139,500	2,604,233

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and key personnel		(981,977)	(505,068)
Interest received		155,060	169,037
NET CASH USED IN OPERATING ACTIVITIES	7	(826,917)	(336,031)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of plant and equipment		-	(14,987)
Payments for exploration activities		(180,976)	(1,142,223)
NET CASH USED IN INVESTING ACTIVITIES		(180,976)	(1,157,210)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,678,601
Transaction costs of issue of shares		-	(388,459)
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	4,290,142
Net increase in cash and cash equivalents		(1,007,893)	2,796,901
Cash at the beginning of the reporting period		2,796,901	-
CASH AT THE END OF THE REPORTING PERIOD	7	1,789,008	2,796,901

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

1 CORPORATE INFORMATION

The financial report of Lawson Gold Limited (the Company) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012. The Company is a listed public company incorporated and domiciled in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of the Company.

Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Acts 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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.

a Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

b Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

c Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

d Trade and other receivables

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

e Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

g Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The following useful lives are used in the calculation of depreciation:

Plant and equipment	13 - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

h Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i Exploration expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

j Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k Share-based payment transactions

The Company provided benefits to Directors of the Company in the form of share-based payments, whereby Directors received options (equity-settled transactions) as compensation for work prior to listing.

The cost of these equity-settled transactions with Directors is measured by reference to the fair value at the date at which they were granted. Share-based payments to non-employees are measured at the fair value of the equity instruments issued. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the Statement of Comprehensive Income, together with a corresponding increase in the share option reserve, when the options are issued.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to issued capital.

l Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key judgements — exploration and evaluation

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that 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 $1 million.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

n Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2012.

o New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Company.

AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

3 SEGMENT INFORMATION

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.

4 REVENUE AND EXPENSES

	2012	2011
	$	$
a) Other Income		
Bank interest received or receivable	155,060	182,189
	155,060	182,189
b) Employee Benefit Expenses		
Directors fees and other remuneration expenses	100,000	90,757
Share-based payments expense	-	63,000
	100,000	153,757
c) Administration Expenses		
Accounting fees	82,709	59,022
Legal costs	461,473	14,717
Occupancy costs	7,355	36,500
Insurance	17,891	19,269
ASX fees	21,479	33,882
Travel & accommodation	45,169	8,737
Service Agreements	8,737	82,839
Audit fees	20,850	22,650
Other expenses	39,359	6,556
	705,022	284,172

5 INCOME TAX

	2012	2011
	$	$
The major components of income tax expense are:		
Current income tax charge	-	127,980
A reconciliation between tax expense and the product of accounting profit before income tax mutilble by the Company's applicable income tax rate is as follows:		
Accounting loss before income tax	(1,483,990)	(564,919)
At the Company's statutory income tax rate of 30%	(445,197)	(169,476)
- Expenditure not allowable for income tax purposes	-	93,900
- Immediate write off for capital items	(58,039)	(443,886)
- Other deductible items	(27,897)	(27,897)
Deferred tax asset not realised as recognition criteria of AASB 112 not met	415,055	547,359
Subtotal	-	-
Tax portion of capital raising costs	-	127,980
Income tax expense	-	127,980

The Company has tax losses arising in Australia of $3,207,983 that are available indefinitely for offset against future taxable profits of the Company.

This deferred tax asset will only be obtained if:

» future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and

» the conditions for deductibility imposed by tax legislation continue to be complied with; and

» No changes in tax legislation adversely affect the Company in realising the benefit.

6 EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2012	2011
	$	$
Net loss attributable to ordinary equity holders of the parent	(1,483,990)	(692,899)

	2012	2011
Weighted average number of ordinary shares for basic earnings per share calculation	24,893,001	16,861,416

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2012.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdraft. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2012	2011
	$	$
Cash at bank and on hand	65,241	196,901
Short-term deposits	1,723,767	2,600,000
	1,789,008	2,796,901

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The weighted average effective interest rate on short-term bank deposits was 4.91% (2011: 5.69%).

Reconciliation of net loss after tax to net cash flows from operations

	2012 $	2011 $
Net loss	(1,483,990)	(692,899)
Adjustments for non-cash items:		
Income tax expense	-	127,980
Depreciation	3,812	4,808
Share options expensed	-	63,000
Impairment of non-current assets	385,795	250,000
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	99,806	(156,229)
Decrease/(Increase) in prepayments	16,649	(15,497)
Increase in trade and other payables	151,012	82,807
Net cash from operating activities	(826,917)	(336,031)

8 TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Interest receivable	9,098	13,152
Goods & Services Tax receivable	43,271	143,077
	52,369	156,229

Receivables are not considered past due or impaired.

9 OTHER CURRENT ASSETS

	2012 $	2011 $
Prepayments	2,902	15,497
	2,902	15,497

10 PLANT AND EQUIPMENT

	2012 $	2011 $
Cost		
Balance at beginning of period	14,987	-
Additions	-	14,987
Balance at 30 June	14,987	14,987
Accumulated depreciation		
Balance at beginning of period	(4,808)	-
Depreciation for the year	(3,812)	(4,808)
Balance at 30 June	(8,620)	(4,808)
Net book value	6,367	10,179

11 EXPLORATION AND EVALUATION ASSETS

	2012 $	2011 $
Balance at beginning of period	1,229,555	-
Capitalised exploration costs	192,330	1,479,555
Exploration costs written off	(385,795)	(250,000)
Total	1,036,090	1,229,555

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 they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted in impairment charges of $385,795.

12 SHARE-BASED PAYMENTS

The expense recognised in the Statement of Comprehensive Income in relation to Director share-based payments is disclosed in Note 4(b).

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in share options issued during the year:

	2012	2012	2011	2011
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Outstanding at the beginning of the period	900,000	0.37	-	-
Granted during the period	-	-	300,000	0.30
Granted during the period	-	-	600,000	0.40
Outstanding at the end of the period	900,000	0.37	900,000	0.37
Exercisable at the end of the period	-	-	-	-

The outstanding balance as at 30 June 2012 is represented by:

» A total of 300,000 options exercisable any time between 4 August 2012 until 4 August 2015 with a strike price of $0.30 and a fair value per option at grant date of $0.159.

» A total of 600,000 options exercisable any time between 4 August 2012 until 4 August 2015 with a strike price of $0.40 and a fair value per option at grant date of $0.153.

Contractual life of options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 3.10 years.

Exercise price of options

The range of exercise prices for options outstanding at the end of the year was $0.30 - $0.40.

Fair value of options

The weighted average fair value of options granted during the previous period was $0.155.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2011:

	2011
Historical volatility (%)	118%
Risk-free interest rate (%)	5%
Expected life of option (years)	5

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility, based on companies of a similar nature and size, is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

13 TRADE AND OTHER PAYABLES

	2012 $	2011 $
Trade payables	230,680	38,845
Other payables	49,674	79,808
Payroll payables	2,149	1,485
	282,503	120,138

14 ISSUED CAPITAL

	2012 $	2011 $
Ordinary Shares	4,641,622	4,641,622
	4,641,622	4,641,622

	2012		2011	
	Number	$	Number	$
Balance at beginning of period	24,893,001	4,641,622	-	-
Seed capital issued at incorporation on 2/02/2010	-	-	1	1
Shares issued as consideration for tenements on 23/04/2010	-	-	1,500,000	300,000
Shares issued via Initial Public Offering on 23/07/2010	-	-	23,393,000	4,678,600
Transaction costs on shares issued	-	-	-	(336,979)
Balance at 30 June	24,893,001	4,641,622	24,893,001	4,641,622

Fully paid Ordinary Shares carry one vote per share and the right to dividends (in the event such a dividend is declared).

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any net proceeds of liquidation.

15 SHARE OPTION RESERVE

a) The share-option reserve records items recognised as expenses or capitalised on valuation of share options and other equity settled transactions.

Table of Share Option Reserve movements in the Company as at 30 June 2012:

	2012 $	2011 $
Balance at beginning of period	139,500	-
Options expensed during period	-	63,000
Options capitalised during period	-	76,500
Balance at 30 June	139,500	139,500

During the prior year 300,000 options (exercisable at $0.30, with an expiry date of 4 August 2015) were issued to Directors; 100,000 options (exercisable at $0.40, with an expiry date of 4 August 2015) were issued to the Chairman; and 500,000 options (exercisable at $0.40 with an expiry date of 4 August 2015) were issued as Incentive Options to consultants to the prospectus.

The total fair value of these options was $139,500, of which $63,000 was expensed in the prior financial year being the fair value of options issued to Directors as determined by the Black-Scholes pricing model (refer to note 2(k)). The remaining $76,500 was capitalised.

16 COMMITMENTS AND CONTINGENCIES

Exploration leases

In order to maintain current rights of tenure to exploration tenements the Company will be required to spend in the year ending 30 June 2013 amounts of approximately $366,100 (2012: $346,500). These obligations are expected to be fulfilled in the normal course of operations.

At 30 June 2012 there were no contingent liabilities.

17 AUDITOR REMUNERATION

	2012 $	2011 $
Audit or review of financial reports	20,850	22,650

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital and reserves as disclosed in notes 14 and 15 respectively.

Proceeds from share issues are used to maintain and expand the Company's exploration activities and fund operating costs.

Categories of financial instruments

	2012 $	2011 $
Financial Assets		
Cash and cash equivalents	1,789,008	2,796,901
Trade and other receivables	52,369	156,229
Financial Liabilities		
Trade and other payables	282,503	120,138

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Company does not have any significant credit risk exposure to any single counterparty or any company or counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Interest rate sensitivity analysis
At reporting date, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Company's:

» Net loss would increase or decrease by $7,420 which is attributable to the Company's exposure to interest rates on its variable bank deposits.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables
The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

FINANCIAL LIABILITIES

	< 1 year	> 1 - < 5 years	> 5 years	Total
	$	$	$	$
Year ended 30 June 2012				
Fixed rate non-interest bearing				
Trade and other payables	282,503	-	-	-
Weighted average effective interest rate	-	-	-	-
Total financial liabilities	282,503	-	-	-
Period ended 30 June 2011				
Fixed rate non-interest bearing				
Trade and other payables	120,138	-	-	-
Weighted average effective interest rate	-	-	-	-
Total financial liabilities	120,138	-	-	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

FINANCIAL ASSETS

	< 1 year	> 1 - < 5 years	> 5 years	Total
	$	$	$	$
Year ended 30 June 2012				
Floating rate				
Cash assets	1,789,008	-	-	1,789,008
Fixed rate non-interest bearing	-	-	-	-
Receivables	52,369	-	-	52,369
Weighted average effective interest rate	**4.91%**	-	-	-
Total financial assets	1,841,377	-	-	1,841,377
Period ended 30 June 2011				
Floating rate				
Cash assets	2,796,901	-	-	2,796,901
Fixed rate non-interest bearing				
Receivables	156,229	-	-	156,229
Weighted average effective interest rate	**5.69%**			
Total financial assets	2,953,130			2,953,130

The Company is not materially exposed to any effects on changes in interest rates.

Net fair values of financial assets and liabilities
Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The net fair values of financial assets and liabilities are determined by the Company on the following bases:

i Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.

ii Non-monetary financial assets and financial liabilities are recognised at their carrying values in the Statement of Financial Position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

19 RELATED PARTY DISCLOSURE

Payments to related parties
David Hillier received administration consulting fees of $158,872 (2011: $20,580) for assistance in relation to the Saudi Arabia joint venture project during the year.

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 (2011: $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 year Equant received $139,025 (2011: $68,198) in consulting fees.

Watson's Lawyers, of which Peter Watson is a partner, received professional service fees of $4,561 (2011: $81,540).

HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling $61,706 (2011: $42,196). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Limited.

Details of Key Management Personnel's interests in shares and options of the Company and their remuneration can be found on pages 19 to 21 of this document.

20 SIGNIFICANT EVENTS AFTER BALANCE DATE

On 8 August 2012, the Company announced that it had signed agreements to implement, subject to shareholder approval, investment in an incorporated Saudi Arabian exploration joint venture with Mawarid Investments Limited (Mawarid).

The commercial terms are summarised below. In addition the Company and Mawarid have agreed to advance USD340,000 each to supplement a similar amount already committed by the transaction sponsor, in order to expedite exploration work on the most prospective licences. The Company's commitment is refundable in the event completion does not occur.

The summarised major terms of the transaction are:

1 An initial consideration of 77.1 million Lawson Gold Limited shares to Mawarid for the purchase of a 5% interest in the joint venture, together with the issue of 76.3 million shares to the sponsor of the transaction.

2 Expenditure on exploration activity over four years totaling USD34.3 million, 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 totaling USD7.8 million and all payable in shares at various prices.

The full details of the transaction were set out in an announcement to ASX on 2 April 2012 available on the Company's website and are included in the Notice of Meeting to be sent to shareholders in the near future.

DIRECTORS' DECLARATION

The Directors of Lawson Gold Limited, declare that:

1 In the opinion of the Directors:

   a. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

      ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

      iii) complying with International Financial Reporting Standards as disclosed in Note 2;

   b. the Directors have been given the declarations required by section 295A of the Corporations Act; and

   c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolutions of the Directors

On behalf of the Board of Directors

David Hillier
CHAIRMAN

Dated this 28th day of September 2012

GrantThornton

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

Report on the financial report

We have audited the accompanying financial report of Lawson Gold Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Lawson Gold Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Lawson Gold Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Director – Audit & Assurance

Adelaide, 28 September 2012

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 September 2012.

The use of cash and cash equivalents

The Company has used all cash and cash equivalents for the purpose of carrying out its stated business objectives.

Distribution of equity securities

Ordinary share capital

- 24,893,001 fully paid ordinary shares are held by 337 individual shareholders. There are no restricted and unquoted ordinary shares.

All issued ordinary shares carry one vote per share.

Options

- 900,000 unlisted options are held by 4 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Unlisted Options
1 - 1,000	3	-
1,001 - 5,000	10	-
5,001 - 10,000	150	-
10,001 - 100,000	141	2
100,001 and over	33	2
	337	4
Holding less than a marketable parcel	13	-

Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,904,238	11.67
PENFOLD MARKETING PTY LTD <NYVLT SUPER FUND A/C>	2,500,000	10.04
HSBC CUSTODY NOMINEES <AUSTRALIA>	1,502,112	6.03
FERRAUS LIMITED	1,500,001	6.03
MR JOE SINGER	1,250,000	5.02
	9,656,351	38.79

Holders of unquoted options with an interest greater than 20% of class

Ordinary shareholders	Unlisted Options	
	Number	Percentage
The DAD Family Superannuation Fund Pty Ltd <The Dad Family S/F A/C>	200,000	22.23%
Gryphon Partners Advisory Pty Ltd	500,000	55.55%
	700,000	77.78%

Twenty largest holders of quoted equity securities

	Fully Paid Ordinary Shares	
	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,904,238	11.67
PENFOLD MARKETING PTY LTD <NYVLT SUPER FUND A/C>	2,500,000	10.04
HSBC CUSTODY NOMINEES <AUSTRALIA>	1,502,112	6.03
FERRAUS LIMITED	1,500,001	6.03
MR JOE SINGER	1,250,000	5.02
CITICORP NOMINEES PTY LIMITED	1,067,503	4.29
GP SECURITIES PTY LTD	1,000,000	4.02
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,000,000	4.02
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	550,000	2.21
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	510,001	2.05
OZISYS PTY LTD <SAVYSYS TRADING A/C>	500,000	2.01
GREENSLADE HOLDINGS PTY LTD	400,000	1.61
MR HUU HIEN TRAN	378,480	1.52
MRS TAMARA RAPHAEL	300,000	1.21
WISEPLAN INVESTMENTS PTY LTD <LEON DAVIES INVESTMENT A/C>	300,000	1.21
KESLI CHEMICALS PTY LTD <RUANE S/F A/C>	280,968	1.13
GRYPHON PARTNERS PTY LTD	250,000	1.00
MR CREAGH O'CONNOR + MRS PATRICIA O'CONNOR <SUPERANNUATION A/C>	250,000	1.00
MR RICHARD WILLIAM WHITING + MRS CATHERINE MARY WHITING <RW & CM SUPER FUND A/C>	210,000	0.84
CRENSON HOLDINGS PTY LTD	200,000	0.80
	16,853,303	67.70

List of mining tenements

Tenement	Location	Area	Registered holder/applicant	Interest in tenement
E27/345	Kalgoorlie Area, WA	8 BL	Lawson Gold Ltd	100%
E27/432	Kalgoorlie Area, WA	3 BL	Lawson Gold Ltd	100%
E27/478	Kalgoorlie Area, WA	5 BL	Lawson Gold Ltd	100%
M27/262	Kalgoorlie Area, WA	625 HA	Lawson Gold Ltd	100%
M27/263	Kalgoorlie Area, WA	792.85 HA	Lawson Gold Ltd	100%
M27/264	Kalgoorlie Area, WA	763 HA	Lawson Gold Ltd	100%
M27/265	Kalgoorlie Area, WA	834 HA	Lawson Gold Ltd	100%
P27/2075	Kalgoorlie Area, WA	61 HA	Lawson Gold Ltd	100%
P27/2076	Kalgoorlie Area, WA	76 HA	Lawson Gold Ltd	100%
P27/2077	Kalgoorlie Area, WA	183 HA	Lawson Gold Ltd	100%
P27/2078	Kalgoorlie Area, WA	170 HA	Lawson Gold Ltd	100%

BL - Blocks

HA - hectares