

Rawson Resources Limited

ABN 69 082 752 985

HALF-YEAR FINANCIAL REPORT – 31 DECEMBER 2011

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This interim financial report does not include all the information normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Rawson Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001

DIRECTORS' REPORT

The Directors of Rawson Resources Limited ('the company') present their report together with the financial report of Rawson Resources Limited and its subsidiaries ('the group') for the half-year ended 31 December 2011.

Directors

The names of the directors of the company during or since the end of the half-year are:

John Robert Conolly
John Addison Doughty
Nicholas Paul Adams
Keith Skipper

No other person was a director during the period. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

Rawson continues to be actively involved in Oil and Gas exploration in its permits in the Otway, Surat, Pedirka, Cooper Basins and the Canterbury Basin in New Zealand.

For further details please refer to our quarterly exploration reports lodged with the ASX.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 forms part of the directors' report and is set out on page 3 of the financial report for the half-year ended 31 December 2011.

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



John Addison Doughty
Director

Dated: 14 March 2012

The Board of Directors
Rawson Resources Limited
PO Box R1868
Royal Exchange NSW 1225

14 March 2012

Dear Board Members

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Rawson Resources Limited.

As lead audit partner for the review of the financial statements of Rawson Resources Limited for the financial half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Nexia Court & Co
Chartered Accountant



Robert Mayberry
Partner

Dated: 14 MARCH, 2012



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
 HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	Consolidated 31 December 2011 \$	31 December 2010 \$
Continuing operations			
Interest revenue		40,134	21,061
		<u>40,134</u>	<u>21,061</u>
Administration expenses		(103,901)	(152,333)
Directors' remuneration		(92,565)	(90,000)
Exploration costs		(110,165)	(141,889)
		<u>(306,631)</u>	<u>(384,222)</u>
Loss before income tax expense		(266,497)	(363,161)
Income tax expense		-	-
Loss attributable to owners of the company		(266,497)	(363,161)
Other comprehensive income for the year:			
Loss on available for sale financial asset	9	(2,267,689)	(1,138,984)
Total comprehensive income attributable to owners of the company		(2,534,186)	(1,502,145)
Earnings per share			
		Cents	Cents
Basic loss per share	11	<u>(0.3)</u>	<u>(0.5)</u>
Diluted loss per share	11	<u>(0.3)</u>	<u>(0.5)</u>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31
 DECEMBER 2011**

		Consolidated	
	Note	31 December 2011 \$	30 June 2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,232,115	1,873,857
Receivables	8	19,572	19,902
TOTAL CURRENT ASSETS		1,251,687	1,893,759
NON-CURRENT ASSETS			
Other assets		12,000	12,000
Financial instruments	9	2,094,180	4,360,324
Plant and equipment		165	214
TOTAL NON-CURRENT ASSETS		2,106,345	4,372,538
TOTAL ASSETS		3,358,032	6,266,297
CURRENT LIABILITIES			
Trade and other payables		13,596	388,078
Provisions		5,064	4,661
TOTAL CURRENT LIABILITIES		18,660	392,739
TOTAL LIABILITIES		18,660	392,739
NET ASSETS		3,339,372	5,873,558
EQUITY			
Share capital	10	10,299,131	10,299,131
Accumulated losses		(8,700,803)	(8,434,306)
Reserves		1,741,044	4,008,733
TOTAL EQUITY		3,339,372	5,873,558

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Consolidated	Note	Share Capital \$	Accumulated Losses \$	Fair Value Reserve \$	Total Equity \$
Balance at 1 July 2010		8,653,256	(7,167,860)	6,357,884	7,843,280
Total comprehensive loss attributable to owners of the company		-	(1,502,145)	-	(1,502,145)
Shares issued during the period	10	397,225	-	-	397,225
Loss on available for sale financial asset	9	-	1,138,984	(1,138,984)	-
Balance at 31 December 2010		<u>9,050,481</u>	<u>(7,531,021)</u>	<u>5,218,900</u>	<u>6,738,360</u>
Balance at 1 July 2011		10,299,131	(8,434,306)	4,008,733	5,873,558
Total comprehensive loss attributable to owners of the company		-	(2,534,186)	-	(2,534,186)
Loss on available for sale financial asset	9	-	2,267,689	(2,267,689)	-
Balance at 31 December 2011		<u>10,299,131</u>	<u>(8,700,803)</u>	<u>1,741,044</u>	<u>3,339,372</u>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR
 ENDED 31 DECEMBER 2011**

	Consolidated	31 December	31 December
Note	2011	2010	2010
	\$		\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	41,107		20,663
Payments to suppliers			
Exploration costs	(459,359)		(141,889)
Other costs	(223,098)		(276,383)
Net cash used in operating activities	<u>(641,350)</u>		<u>(397,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of investments	(1,544)		-
Loans advanced	-		(63,750)
Loans repaid	1,152		-
Net cash used in investing activities	<u>(392)</u>		<u>(63,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	-		397,225
Net cash provided by financing activities	<u>-</u>		<u>397,225</u>
Net decrease in cash and cash equivalents held	(641,742)		(64,134)
Cash and cash equivalents at beginning of period	1,873,857		1,027,578
Cash and cash equivalents at end of period	7 <u>1,232,115</u>		<u>963,444</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SEGMENT REPORTING

The group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same bases as that used for internal reporting purposes. The group consists of one business segment being exploration of oil and gas permits, operating in three geographically different segments being Australia, New Zealand and the United States of America (USA). It is in this manner that internal reporting is provided to the chief operating decision maker of the group, being the board of Rawson Resources Limited. Revenue and results of the different geographical segments are detailed below:

	Australia		New Zealand		USA		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Segment Revenue	40,134	21,061	-	-	-	-	40,134	21,061
Segment Result	(223,031)	(357,185)	(43,466)	(5,976)	-	-	(266,497)	(363,161)
Segment Assets	1,739,578	1,558,511	1,866,696	5,344,552	-	-	3,606,274	6,903,063
Segment Liabilities	15,694	30,102	250,987	133,519	11,883	10,989	278,564	174,610

4. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

5. EVENTS AFTER THE END OF THE INTERIM PERIOD

There are no matters or circumstances that have arisen since the end of the reporting period which significantly affect, or may significantly affect, the operations, results, state of affairs of the economic entity that have not otherwise been disclosed elsewhere in this report.

6. DIVIDENDS

No dividends have been paid or proposed during the half-year (2010 \$Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	Note	Consolidated 31 December 2011 \$	30 June 2011 \$
7. CASH AND CASH EQUIVALENTS			
Cash at bank		<u>1,232,115</u>	<u>1,873,857</u>
8. CURRENT RECEIVABLES			
Loan to associate	13 (c)	234,418	234,418
Impairment loss		<u>(234,418)</u>	<u>(234,418)</u>
		-	-
GST receivables		17,465	15,670
Other receivables		<u>2,107</u>	<u>4,232</u>
		<u>19,572</u>	<u>19,902</u>
9. FINANCIAL INSTRUMENTS			
Held to maturity investments			
Term Deposits			
		<u>227,484</u>	<u>225,939</u>
		<u>227,484</u>	<u>225,939</u>
The term deposits are held as security for the bank guarantees required for the exploration leases and permits. Refer Note 13.			
Available for sale financial assets			
Investment in KEA Petroleum Plc			
Cost		125,652	125,652
Revaluation increment to fair value		<u>1,741,044</u>	<u>4,008,733</u>
		<u>1,866,696</u>	<u>4,134,385</u>
Total Financial Instruments		<u>2,094,180</u>	<u>4,360,324</u>

At 31 December 2011, the company controlled 27,307,692 shares representing 5.4% ownership of KEA. These shares are currently listed on the London Stock Exchange.

KEA's share price at 31 December 2011 was GBP 4.5 pence (approx AUD 6.83 cents).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. SHARE CAPITAL

	Consolidated			
	2011		2010	
	Number of Shares	\$	Number of Shares	\$
Ordinary Shares and partly paid employee shares				
Balance 1 July	94,997,150	10,299,131	77,497,150	8,653,256
Issue of ordinary shares	-	-	5,000,000	397,225
Balance 31 December	<u>94,997,150</u>	<u>10,299,131</u>	<u>82,497,150</u>	<u>9,050,481</u>
Consisting of:				
Ordinary shares	94,247,150	10,298,381	81,747,150	9,049,731
Employee shares	750,000	750	750,000	750
	<u>94,997,150</u>	<u>10,299,131</u>	<u>82,497,150</u>	<u>9,050,481</u>

11. LOSS PER SHARE

The calculation of basic earnings per share for the half year ended 31 December 2011 is as follows:

	Consolidated	
	2011	2010
	\$	\$
Loss attributable to ordinary shareholders	<u>(266,497)</u>	<u>(363,161)</u>
	Number of shares	Number of shares
Total ordinary shares on issue at 1 July	94,247,150	76,747,150
Effect of shares issued for the half year to 31 December	-	679,348
Weighted average number of ordinary shares at 31 December	<u>94,247,150</u>	<u>77,426,498</u>
	Cents	Cents
Basic and diluted loss per share attributable to ordinary equity holders	<u>(0.3)</u>	<u>(0.5)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. EQUITY ACCOUNTED INVESTEE

During the half year ended 31 December 2011 the Group did not receive dividends from its investment in an equity accounted investee.

Name	Principal activities	Date of Incorporation	Country of incorporation	Reporting date	Ownership interest	
					31 December 2011	30 June 2011
Otway Energy Limited	Oil and gas exploration in the Otway Basin, South Australia	16 March 2010	Australia	30 June	37.5%	37.5%

In the financial statements of the Company, investments in associates are accounted for at fair value. At 31 December 2011 fair value of the associate is \$nil (2010: \$nil)

Otway Energy Limited has a net asset deficiency, but the Company has no further commitment to invest in Otway Energy Limited. The Company has provided a loan facility commitment to Otway Energy Limited (refer Note 13 (c)) and made a loan under this facility (refer Note 8).

13. COMMITMENTS

(a) Bank Guarantees

	Consolidated 2011 \$	2010 \$
Westpac has bank guarantees given by the company for exploration permits , as follows:		
EP97	50,000	50,000
PEL154	50,000	50,000
PEL155	50,000	50,000
ATP837	40,000	40,000
ATP893	12,000	12,000
ATP901	12,000	12,000
Total	<u>214,000</u>	<u>214,000</u>

These guarantees are secured by company term deposits totaling \$227,484 (30 June 2011: \$225,939)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. COMMITMENTS (continued)

(b) Exploration Lease Commitments

At 31 December 2011 material expenditure commitments existed in relation to exploration leases and permits. The commitments are tabulated below. The actual expenditure may be more or less than the amounts indicated and will depend on, amongst other factors, actual costs at the time the expenditure becomes payable, foreign exchange rates, any variations to the terms of exploration leases granted by lessors, whether or not the entity relinquishes its right to hold any lease, any decrease in interest of the entity in any lease or the sale or farm-out of any lease. Failure to meet any or part of the expenditure commitments in relation to an exploration permit or lease is likely to result in the cancellation of the subject exploration permit or exploration lease.

Consolidated	Interest	December 2011 \$	June 2011 \$
(i) Exploration Lease EP97	100.0%		
Exploration costs payable within one year		300,000	-
Exploration costs payable after one year and no later than five years		600,000	900,000
(ii) Exploration Lease ATP837	50.0%		
Exploration costs payable within one year		1,000,000	1,000,000
Exploration costs payable after one year and no later than five years			-
(ii) Exploration Lease ATP873	15.0%		
Exploration costs payable within one year		60,500	15,500
Exploration costs payable after one year and no later than five years		-	45,000
(iii) Exploration Lease ATP893	25.0%		
Exploration costs payable within one year		4,500,000	4,500,000
Exploration costs payable after one year and no later than five years			-
(iv) Exploration Lease ATP901	25.0%		
Exploration costs payable within one year		4,500,000	4,500,000
Exploration costs payable after one year and no later than five years			-
(v) Exploration Lease PEP 52589	50.0%		
Exploration costs payable within one year		312,297	108,033
Exploration costs payable after one year and no later than five years		3,065,843	3,314,299
Total expenditure commitments arising from interest in joint ventures and exploration leases		14,338,640	14,382,832
Within one year		10,672,797	10,123,533
After one year and no later than five years		3,665,843	4,259,299
		14,338,640	14,382,832

13. COMMITMENTS (continued)

(c) Undrawn Loan Facility

On 4 May 2010, the Company agreed to provide a non-interest bearing non-recourse loan facility totalling \$187,500 to the Company's associate Otway Energy Limited. On 4th August 2010, this facility was increased by \$121,875 to \$309,375.

	Note	Consolidated 31 December 2011 \$	30 June 2011 \$
Loan drawn down	8	234,418	234,418
Loan facility undrawn		74,957	74,957
Total loan facility		<u>309,375</u>	<u>309,375</u>

DIRECTORS' DECLARATION

In the opinion of the directors of Rawson Resources Limited (the 'Company'):

- a. The financial statements and notes set out on pages 3 to 13 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the Corporations Regulations 2001; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



John Addison Doughty
Director

Dated: 14 March 2012

Rawson Resources Limited
ABN 69 082 752 985 and Subsidiaries

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RAWSON RESOURCES LIMITED

Report on the financial report

We have reviewed the accompanying interim financial report of Rawson Resources Limited (the 'company') which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes, and the directors' declaration, of the group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of an Interim and Other Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Rawson Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Rawson Resources Limited
ABN 69 082 752 985

Independent Review Report to the Members of
Rawson Resources Limited
(Continued)

Independence

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

Conclusion

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

- i giving a true and fair view of the company's and the group's financial position as at 31 December 2011 and of their performance for the half-year ended on that date; and
- ii complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Nexia Court & Co

Chartered Accountants

Sydney

Dated: 14 March 2012



Robert Mayberry

Partner