

**LAWSON**  
GOLD LIMITED

**2013**  
Annual Report

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## Corporate Information

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### Directors

Mr Simon O'Loughlin (Chairman) (Appointed 1 July 2013)  
Mr Peter Reid (Executive Director) (Appointed 1 July 2013)  
Mr Donald Stephens (Non-Executive Director) (Appointed 1 July 2013)  
Mr David Hillier (Chairman) (retired 1 July 2013)  
Mr David Turvey (Executive Director) (retired 1 July 2013)  
Mr Peter Watson (Non-Executive Director) (retired 1 July 2013)

### Company Secretary

Mr Donald Stephens

### Registered Office

169 Fullarton Road  
DULWICH SA 5065

### Principal place of business

169 Fullarton Road  
DULWICH SA 5065

### Share Registry

Computershare Investor Services Pty Ltd  
Level 5  
115 Grenfell Street  
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

## Chairman's Report

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Dear Shareholder,

At the beginning of the reporting period the Company aimed to significantly grow by signing a conditional agreement to acquire a controlling stake in a large portfolio of highly prospective gold, copper and base metal exploration assets in the Kingdom of Saudi Arabia. The principal condition precedent to formalising the deal was the raising of a minimum of \$15 million but despite exhaustive efforts this was unable to be achieved. This unfortunate outcome was largely driven by one of the most challenging investment markets ever seen in the Australian mining sector.

At the end of the reporting year the Company announced changes to the board to introduce a new approach to the management of the Company's existing Australian tenement package and continue the search for new investment opportunities. Accordingly the Company advised of the resignations of Mr David Hillier, Mr David Turvey and Mr Peter Watson and the appointments of Mr Simon O'Loughlin as chairman, Mr Peter Reid as an executive director and Mr Donald Stephens as a non-executive director. Mr Stephens remains as company secretary. The incoming board will hold these positions in a temporary capacity until voting by shareholders at the next AGM of the Company.

In Lawson's favour, the coming year ahead sees some optimism creeping back into the Australian mining and exploration sector. It is hoped this will continue and the announcement by the new Federal Government of a flow through share scheme is likely to help reinvigorate the junior exploration market.

The Company maintains a strong portfolio of gold and nickel exploration assets in the world-class Kalgoorlie Mining District of Western Australia. Previous drilling by the Company has reported high grade gold intercepts most notably at the Lawson Prospect where mineralisation remains open at depth and along strike. In addition, the Company's extensive surface geochemical database highlights other gold anomalous areas which warrant drill test follow-up.

Most recently the Company announced an appraisal of an historical ground electromagnetic geophysical survey which identified 6 conductive targets that have not been drill tested. The anomalies are associated with prospective ultramafic host rocks and occur in close proximity to the Black Swan Nickel and Silver Swan Nickel deposits. All responses are conductive enough to be caused by nickel sulphide and as such warrant drill testing.

In the forthcoming year, the gold and nickel projects will be assessed with the aim of maximising their value for the Company either through further exploratory work, joint venture or sale.

After a year of change and a new direction defined for Lawson, the Company is set up to maximise on new opportunities and test the upside potential with its existing gold and nickel exploration assets.



Simon O'Loughlin  
Chairman

## Review of Operations

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### Review of Operations

The 2013 financial year was a year of major change for the Company. During the first half of the reporting period the Company signed agreements with Saudi Arabian company Mawarid Investments Limited to acquire a controlling stake in a large portfolio of gold, copper and base metal exploration assets in the Kingdom of Saudi Arabia. There were a number of conditions precedent to this transaction, including the obtaining of certain Saudi Arabian regulatory approvals, Lawson Gold Shareholder approval and the requirement to raise a minimum of \$15 million to fund the initial stages of the exploration program. In conjunction with this deal the Company planned a demerger of its existing Kalgoorlie, Western Australian assets into a new exploration company together with the injection of \$2.2 million into that company.

On the 11th December 2012 the Company announced that the Saudi deal agreements had lapsed with a number of conditions precedent still outstanding, however the parties remained committed to coming to a commercial terms provided the principal matter outstanding, the ability to raise a minimum of \$15 million, could be achieved. These funds ultimately proved too difficult to raise and on the 15th February, the Company announced that Mawarid Investments had terminated negotiations. As a result the planned demerger also did not proceed.

The Company subsequently refocused on its existing Kalgoorlie assets with a view to extend its tenements holdings around the Lawson Prospect whilst monitoring a number of other expansion opportunities.

On 2 July 2013 the Company announced changes to the board to introduce a new approach to the management of the Company's existing tenement package and continue the search for new investment opportunities. Accordingly the Company advised of the resignations as directors of Mr David Hillier, Mr David Turvey and Mr Peter Watson and the appointments of Mr Simon O'Loughlin as chairman, Mr Peter Reid as an executive director and Mr Donald Stephens as a non-executive director. Mr Stephens remained as company secretary. To the extent possible, ongoing expenditure has been reduced to preserve funds whilst the new board assess the current and other new project opportunities.

### Lawson Tenements - Background & Exploration History

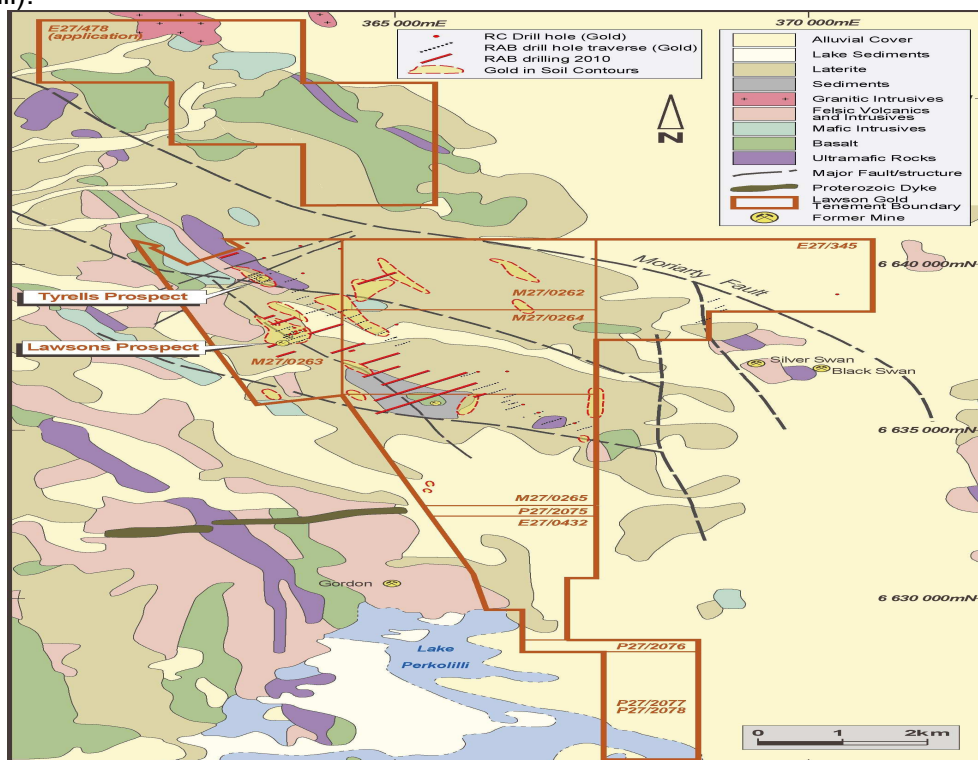
The Lawson Gold Project is situated in the Eastern Goldfields region of Western Australia approximately 45 km north of Kalgoorlie in the Kanowna gold mining district. It consists of three Exploration Licence E27/345, E27/432 and E27/478 (application) as well as four Mining Leases (M27/262-265) and four Prospecting Licences (P27/2075-2078), covering approximately 72 square kilometres (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 >4Moz Au & remaining resources 1-2Moz 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).

Previous drilling by Lawson Gold Ltd in 2010-2011 at the Lawson and Tyrell's Prospects was successful in locating high grade gold mineralisation at the Lawson Prospect and clarified the controls on its orientation.

## Review of Operations (Cont.)

Significant assays in diamond drill hole LWD002 included 3 metres @ 37.2 g/t gold (from approximately 45m depth) hosted in quartz veined & brecciated coarse grained volcanoclastic rocks and 12 metres @ 1.1g/t (~60m depth) in strongly altered (silicified), quartz veined feldspar porphyry (refer to 9/2/2011 ASX release for more detail).



**Figure 1: Location Plan and Geological Interpretation – Lawson Tenement Package, Western Australia.**

### Summary of Exploration Activities

During the 2012-2013 reporting period, work at the Lawson tenement package focussed on the assessment and review of all exploration datasets in order to develop a new exploration strategy for the project going forward.

Review of available data the over entire tenement package area included:

- Assessment of a geochemical compilation and interpretation bringing all historic datasets together and generating new targets
- Structural and geological interpretation of detailed aeromagnetic data to determine prospective gold and nickel targets.
- Study of the gold intersected by drilling at Lawson prospect using a 3D visualisation software to map the mineralised areas. The study identified ore trends and has highlighted areas that require drill follow-up to define the extent of the mineralisation.
- Proposal for RAB and RC drilling to determine extent of the gold mineralisation at Lawson's Prospect and the drilling of new gold targets identified from the geochemical and structural target review.

## Review of Operations (Cont.)

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- Discussions with surrounding tenement holders to evaluate potential prospective JV opportunities

The gold and nickel projects will be assessed for their technical and strategic merit, with the aim of maximising their value for the Company either through further exploratory work, joint venture or sale. This work includes assessment on neighbouring high value projects that collectively may add significant value to existing assets.

### Competent Persons Statement

*Information in this report that relates to exploration results, is based on information compiled by Peter Reid (BSc Hons.) who is an executive director of the Company and a member of the Australasian Institute of Mining and Metallurgy. 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 report 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 (cont.)

### CORPORATE GOVERNANCE STATEMENT

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Your Directors submit their report for the year ended 30 June 2013.

This financial 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 at the date of this report are as follows:

Simon O'Loughlin	Chairman, Non-Executive Director	Appointed 1/7/13
Peter Reid	Executive Director	Appointed 1/7/13
Donald Stephens	Non-Executive Director	Appointed 1/7/13

#### Names, qualifications, experience and special responsibilities

##### Simon O'Loughlin

##### Non-Executive Chairman (BA (Acc))

Simon O'Loughlin is the founding member of O'Loughlin Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practicing in Sydney and Adelaide. Simon also holds accounting qualifications. More recently, he has been focusing on the resources sector. He is currently chairman of Kibaran Resources Ltd and AO Energy Ltd, and a non-executive director of Goldminex Ltd, Petrathern Ltd, Chesser Resources Ltd and WCP Resources Ltd. In the last 3 years he has also been a director of World Titanium Resources Ltd, Living Cell Technologies Ltd, Avenue Resources Ltd and Wolf Petroleum Ltd, Oncosil Medical Ltd and Bioxyne Ltd.

##### Peter Reid

##### Executive Director (BSc (Hons))

Peter Reid is a professional geologist with 21 years' experience. Peter has strong exploration credentials having worked initially for the Regional Geological Survey of South Australia and later with Minotaur Resources Ltd. This included being involved in the discovery of the world class Prominent Hill Cu-Au deposit that was subsequently sold to Oz Minerals. During this time he generated a portfolio of nickel projects, and aided the spin out of a successful IPO, Mithril Resources Ltd, from Minotaur.

With Minotaur's support he went on to researching Australia's engineered geothermal energy potential, working closely with the University of Adelaide. The result of this work led to formation of Petrathern Ltd, a specialist engineered geothermal explorer and developer, and in July 2004 he led this through to a successful ASX listing as the founding CEO of Petrathern Ltd. With the expansion of the company both in Australia and overseas, the maturation of its flagship project Paralana, he took on the role of exploration manager in 2006 through to 2013.



## Directors' Report (cont.)

### CORPORATE GOVERNANCE STATEMENT

In 2011 he received the Australian Geothermal Energy's Association's Chairman's Award for his services to the Australian Geothermal Industry and he is the current Chairman of the Australia Geothermal Report Code.

In recent months he has reduced his geothermal commitments to focus on new ventures in minerals industry, as both a director of private exploration company and now at Lawson Gold Limited.

#### Donald Stephens

##### Non-Executive Director/Company Secretary (BA(Acc), FCA )

Donald Stephens is a chartered accountant and corporate advisor with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of chartered accountants. He is non-executive director of Mithril Resources Ltd, AO Energy Ltd and Papyrus Australia Ltd and currently holds a number of company secretarial positions with listed Public Companies including Toro Energy Ltd, Mithril Resources Ltd, Petrathem Ltd, AO Energy Limited and Minotaur Exploration Ltd. In the last 3 years he has also been a director of TWH Holdings Ltd.

### 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
Simon O'Loughlin	643,538	-
Peter Reid	-	-
Donald Stephens	-	-
<b>Total</b>	<b>643,538</b>	<b>-</b>

#### 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.

## **Directors' Report (cont.)**

### **CORPORATE GOVERNANCE STATEMENT**

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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.

## **Directors' Report (cont.)**

### **CORPORATE GOVERNANCE STATEMENT (cont.)**

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#### *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

## **Directors' Report (cont.)**

### **CORPORATE GOVERNANCE STATEMENT (cont.)**

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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.

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

## Directors' Report (cont.)

### CORPORATE GOVERNANCE STATEMENT (cont.)

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- a process to ensure the independence and competence of the Company's external auditors.

#### *Audit Committee*

The audit, risk and compliance committee comprises Simon O'Loughlin (chair of the committee) and Donald Stephens, both Non-Executive Directors, and Peter Reid, Executive Director.

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.

## **Directors' Report (cont.)**

### **CORPORATE GOVERNANCE STATEMENT (cont.)**

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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.

## Directors' Report (cont.)

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### 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 \$709,977 (period ended 30 June 2012: \$1,483,990).

### 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 1 July 2013 the Company announced a number of changes to the board to introduce and new approach to the management of the company tenement package and search for ongoing investment opportunities.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs.

### LIKELY DEVELOPMENTS

The Group expects to maintain the present status and level of operations and therefore there are no likely developments in the Group's operations.

## Directors' Report (cont.)

### 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 2013.

### 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 2012	Net Issued/ (Exercised/Lap sed) during Year	Balance at 30 June 2013
05/08/2010	04/08/2015	\$0.30	300,000	-	300,000
05/08/2010	04/08/2015	\$0.40	600,000	-	600,000
			<b>900,000</b>	<b>-</b>	<b>900,000</b>



## Directors' Report (cont.)

### REMUNERATION REPORT (AUDITED)

#### 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
Mr David Hillier	7	7	2	2
Mr David Turvey	7	7	-	-
Mr Peter Watson	7	7	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 2012 ANNUAL GENERAL MEETING

Lawson Gold Limited received more than 94.45% of "yes" votes on its remuneration report for the 2012 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 2013 has been received and can be found on page 21.

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.

## **Directors' Report (cont.)**

### **REMUNERATION REPORT (AUDITED)**

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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.

## Directors' Report (cont.)

### REMUNERATION REPORT (AUDITED) (cont.)

#### Key Management Personnel remuneration for the year ended 30 June 2013

	Short Term Benefits	Post Employment	Share-based Payments	Total
	Salary, Fees & Bonuses	Superannuation	Value of Options	\$
<b>David Hillier<sup>(1)</sup></b>				
2013	40,000	-	-	<b>40,000</b>
2012	40,000	-	-	<b>40,000</b>
<b>David Turvey<sup>(2)</sup></b>				
2013	27,523	2,477	-	<b>30,000</b>
2012	27,523	2,477	-	<b>30,000</b>
<b>Peter Watson<sup>(3)</sup></b>				
2013	30,000	-	-	<b>30,000</b>
2012	30,000	-	-	<b>30,000</b>
<b>Donald Stephens<sup>(4)</sup></b>				
2013	-	-	-	-
2012	-	-	-	-
<b>Total</b>				
<b>2013</b>	<b>97,523</b>	<b>2,477</b>	-	<b>100,000</b>
<b>2012</b>	<b>97,523</b>	<b>2,477</b>	-	<b>100,000</b>

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

(1) Quopa Pty Ltd of which David Hillier is a director received administration consulting fees of \$133,285 (2012: \$158,872) 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 \$139,333 (2012: \$139,025) in consulting fees.

(3) Watson's Lawyers, of which Peter Watson is a partner, received professional service fees of \$2,136 (2012: \$4,561).

(4) HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling \$53,390 (2012: \$61,706). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Limited.

## Directors' Report (cont.)

### REMUNERATION REPORT (AUDITED) (cont.)

#### 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 years 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%
D Hillier	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%
<b>Total</b>		<b>400,000</b>					<b>\$ 63,000</b>	<b>\$ 63,000</b>	

#### Option holdings of Key Management Personnel

30 June 2013	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	-	-	-	-	-
<b>Total</b>	<b>400,000</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>400,000</b>

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	-	-	-	-	-
<b>Total</b>	<b>400,000</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>400,000</b>

#### Key Management Personnel Shareholdings

30 June 2013	Balance at start of year	Net Change Other	Balance 30 June 2013
D Hillier*	100,000	-	100,000
D Turvey*	100,000	-	100,000
P Watson*	150,000	-	150,000
D Stephens	-	-	-
<b>Total</b>	<b>350,000</b>	<b>-</b>	<b>350,000</b>

## Directors' Report (cont.)

### REMUNERATION REPORT (AUDITED) (cont.)

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	-	-	-
<b>Total</b>	<b>350,000</b>	<b>-</b>	<b>350,000</b>

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

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



Simon O'Loughlin  
Non-Executive Chairman

Dated this 27<sup>th</sup> day of September 2013

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Lawson Gold Limited for the year ended 30 June 2013, 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, 27 September 2013

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Our Ref: Lawson Gold Limited\_Jun 13.Docx

## Statement of Profit or Loss and Other Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Other income	4 (a)	52,161	155,060
Impairment of non-current assets	11	(487,485)	(385,795)
Consultancy fees		-	(444,421)
Employee benefits expense	4 (b)	(92,582)	(100,000)
Depreciation expense		(2,761)	(3,812)
Administration expenses	4 (c)	(179,310)	(705,022)
<b>Loss before income tax expense</b>		<b>(709,977)</b>	<b>(1,483,990)</b>
Income tax (expense)	5	-	-
<b>Loss for the period</b>		<b>(709,977)</b>	<b>(1,483,990)</b>
<b>Loss attributable to members of the entity</b>		<b>(709,977)</b>	<b>(1,483,990)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(709,977)</b>	<b>(1,483,990)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic loss per share	6	(2.85)	(4.11)
Diluted loss per share	6	(2.85)	(4.11)

*The accompanying notes form part of these financial statements*

## Statement of Financial Position

### AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	775,924	1,789,008
Trade and other receivables	8	3,307	52,369
Other	9	2,013	2,902
<b>TOTAL CURRENT ASSETS</b>		<b>781,244</b>	<b>1,844,279</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	3,606	6,367
Exploration and evaluation assets	11	1,182,148	1,036,090
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,185,754</b>	<b>1,042,457</b>
<b>TOTAL ASSETS</b>		<b>1,966,998</b>	<b>2,886,736</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	72,742	282,503
<b>TOTAL CURRENT LIABILITIES</b>		<b>72,742</b>	<b>282,503</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>72,742</b>	<b>282,503</b>
<b>NET ASSETS</b>		<b>1,894,256</b>	<b>2,604,233</b>
<b>EQUITY</b>			
Issued capital	14	4,641,622	4,641,622
Reserves	15	139,500	139,500
Accumulated losses		(2,886,866)	(2,176,889)
<b>TOTAL EQUITY</b>		<b>1,894,256</b>	<b>2,604,233</b>

*The accompanying notes form part of these financial statements*



## Statement of Changes in Equity

### FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	4,641,622	(692,899)	139,500	4,088,223
Total comprehensive income	-	(1,483,990)	-	(1,483,990)
<b>Balance at 30 June 2012</b>	4,641,622	(2,176,889)	139,500	2,604,233
<b>Balance at 1 July 2012</b>	4,641,622	(2,176,889)	139,500	2,604,233
Total comprehensive income	-	(709,977)	-	(709,977)
<b>Balance at 30 June 2013</b>	4,641,622	(2,886,866)	139,500	1,894,256

*The accompanying notes form part of these financial statements*

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and key personnel		(936,214)	(981,977)
Interest received		48,185	155,060
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>7</b>	<b>(888,029)</b>	<b>(826,917)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of plant and equipment		-	-
Payments for exploration activities		(125,055)	(180,976)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(125,055)</b>	<b>(180,976)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	-
Transaction costs of issue of shares		-	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		(1,013,084)	(1,007,893)
Cash at the beginning of the reporting period		1,789,008	2,796,901
<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>7</b>	<b>775,924</b>	<b>1,789,008</b>

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30 JUNE 2013

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### 1. CORPORATE INFORMATION

The financial report of Lawson Gold Limited (the Company) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 27 September 2013. 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).

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

---

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

---

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### e. Income tax (cont.)

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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### g. Plant and equipment (cont.)

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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

---

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### i. Exploration expenditure (cont.)

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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

---

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 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.

##### *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 2013.

##### o. New and amended standards adopted by the Group/Company

*AASB 2010-8 Amendments to Australian Accounting Standard - Deferred Tax: Recovery of Underlying Assets (Applies to annual reporting periods beginning on or after 1 January 2012)*

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment properties are measured using the fair value model in AASB 140 Investment Properties. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

These amendments have had no impact on the Group.



## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

*AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)*

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group/Company's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

#### **p. Accounting standards issued but not yet effective and not been adopted early by the Group**

The Group notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2013. These standards have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

*(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows 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 (instead of in profit or loss).
- 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.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

- recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
- The remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

*(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments (effective 1 January 2013)*

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation - Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

- AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly-controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

In addition, AASB 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the joint arrangements in place relate to joint operations.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group/Company will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group/Company's investments.
- Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

*(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The Group is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

*(iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

The Group does not have any defined benefit plans. Therefore, these amendments will have no impact on the Group.

##### *(v) AASB Interpretation 20 Stripping Costs in the Production Phase of Surface Mining*

This interpretation clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories, if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, (if certain recognition criteria are met, as an addition to, or enhancement of, an existing asset).

The Group does not operate a surface mine. Therefore, there will be no impact on the financial statements when this interpretation is first adopted for reporting periods commencing from 1 January 2013.

##### *(vi) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.

##### *(vii) AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

When this AASB 2012-2 is first adopted for the year ended 30 June 2014, there will be no impact on the Group/Company as the Group does not have any netting arrangements in place.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

*(viii) AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

*(ix) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

*(x) IFRIC Interpretation 21 Levies*

IFRIC 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the Group is not subject any levies addressed by this interpretation.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### 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

	2013 \$	2012 \$
<b>(a) Other Income</b>		
Bank interest received or receivable	52,161	155,060
	<u>52,161</u>	<u>155,060</u>
<b>(b) Employee Benefit Expenses</b>		
Directors fees and other remuneration expenses	92,582	100,000
Share-based payments expense	-	-
	<u>92,582</u>	<u>100,000</u>
<b>(c) Administration Expenses</b>		
Accounting fees	48,006	82,709
Legal costs	262	461,473
Occupancy costs	3,082	7,355
Insurance	14,840	17,891
ASX fees	20,759	21,479
Travel & accommodation	-	45,169
Service Agreements	270	8,737
Audit fees	27,500	20,850
Other expenses	64,591	39,359
	<u>179,310</u>	<u>705,022</u>

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### 5. INCOME TAX

	2013 \$	2012 \$
The major components of income tax expense are:		
Current income tax charge	-	-
A reconciliation between tax expense and the product of accounting profit before income tax attributable by the Company's applicable income tax rate is as follows:		
Accounting loss before income tax	(709,977)	(1,483,990)
At the Group's statutory income tax rate of 30% (2011: 30%) purposes	(212,993)	(445,197)
Other deductible items	147,074	
Tax losses not recognised due to not meeting recognition criteria	73,226	85,936
Tax portion of share issue costs	(7,307)	359,261
Research & Development Tax offset	-	-
	-	-

The Company has tax losses arising in Australia of \$3,671,800 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:

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### 6. EARNINGS PER SHARE (CONT.)

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Net loss attributable to ordinary equity holders of the parent	(709,977)	(1,483,990)
	<b>2013</b>	<b>2012</b>
Weighted average number of ordinary shares for basic earnings per share calculation	24,893,001	24,893,001

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 2013.

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:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	175,924	65,241
Short-term deposits	600,000	1,723,767
	<b>775,924</b>	<b>1,789,008</b>

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 3.64% (2012: 4.91%).



## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>Reconciliation of net loss after tax to net cash flows from operations</b>		
Net loss	(709,977)	(1,483,990)
<i>Adjustments for non-cash items:</i>		
Income tax expense	-	-
Depreciation	2,761	3,812
Share options expensed	-	-
Impairment of non-current assets	(487,485)	385,795
<i>Changes in operating assets and liabilities</i>		
Decrease in trade and other receivables	(49,062)	99,806
Decrease in prepayments	(889)	16,649
Decrease in trade and other payables	356,624	151,012
Net cash from operating activities	(888,029)	(826,917)

#### 8. TRADE & OTHER RECEIVABLES

Interest receivable	2,275	9,098
Goods & Services Tax receivable	1,032	43,271
	3,307	52,369

Receivables are not considered past due or impaired.

#### 9. OTHER CURRENT ASSETS

Prepayments	2,013	2,902
	2,013	2,902

#### 10. PLANT AND EQUIPMENT

<b>Cost</b>		
Balance at beginning of period	14,987	14,987
Additions	-	-
Balance at 30 June	14,987	14,987
<b>Accumulated depreciation</b>		
Balance at beginning of period	(8,620)	(4,808)
Depreciation for the year	(2,761)	(3,812)
Balance at 30 June	(11,381)	(8,620)
Net book value	3,606	6,367

#### 11. EXPLORATION AND EVALUATION ASSETS

Balance at beginning of period	1,036,090	1,229,555
Capitalised exploration costs	633,543	192,330
Exploration costs written off	(487,485)	(385,795)
Total	1,182,148	1,036,090

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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 \$487,485.

## 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:

	2013 Number of options	2013 Weighted Average Exercise Price	2012 Number of options	2012 Weighted Average Exercise Price
	\$			
Outstanding at the beginning of the period	900,000	0.37	900,000	0.37
Granted during the period	-	-	-	-
Granted during the period	-	-	-	-
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 2013 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 2013 is 2.10 years.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### 12. SHARE-BASED PAYMENTS (CONT.)

##### *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, as no share options have been granted since:

	<u>2011</u>
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

	2013 \$	2012 \$
Trade payables	58,764	230,680
Other payables	12,000	49,674
Payroll payables	1,979	2,149
	<u>72,742</u>	<u>282,503</u>

#### 14. ISSUED CAPITAL

Ordinary Shares	4,641,622	4,641,622
	<u>4,641,622</u>	<u>4,641,622</u>

	2013		2012	
	Number	\$	Number	\$
Balance at beginning of period	24,893,001	4,641,622	24,893,001	4,641,622
Transaction costs on shares issued	-	-	-	-
Balance at 30 June	<u>24,893,001</u>	<u>4,641,622</u>	<u>24,893,001</u>	<u>4,641,622</u>

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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#### 14. ISSUED CAPITAL (CONT.)

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 2013:

	2013 \$	2012 \$
<b>OTHER CURRENT ASSETS</b>		
Balance at beginning of the period	139,500	139,500
Options expensed during period	-	-
Options capitalised during period		
Balance at 30 June	139,500	139,500

During the prior years 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 years 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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### 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 \$401,100 (2012: \$366,100). These obligations are expected to be fulfilled in the normal course of operations.

At 30 June 2013 there were no contingent liabilities.

#### 17. AUDITOR REMUNERATION

	2013 \$	2012 \$
Non-audit services	14,818	-
Audit or review of financial reports	27,500	20,850
	<b>42,318</b>	<b>20,850</b>

#### 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

###### *Financial Assets*

Cash and cash equivalents	775,924	2,796,901
Trade and other receivables	3,307	156,229

###### *Financial Liabilities*

Trade and other payables	72,742	120,138
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##### 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.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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 \$2,781 which is attributable to the Company's exposure to interest rates on its variable bank deposits.

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS (CONT.)

#### 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.

	< 1 year	> 1 - < 5 years	> 5 years	Total
	\$	\$	\$	\$
<i>FINANCIAL LIABILITIES</i>				
<b>Year ended 30 June 2013</b>				
<i>Fixed rate non-interest bearing</i>				
Trade and other payables	72,742	-	-	-
Weighted average effective interest rate	-	-	-	-
Total financial liabilities	72,742	-	-	-

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

#### Period 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	-	-	-

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.

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS (CONT.)

	< 1 year	> 1 - < 5 years	> 5 years	Total
<i>FINANCIAL ASSETS</i>	\$	\$	\$	\$
<b>Year ended 30 June 2013</b>				
<i>Floating rate</i>				
Cash assets	775,924	-	-	775,924
<i>Fixed rate non-interest bearing</i>				
Receivables	3,307	-	-	3,307
Weighted average effective interest rate	<b>3.64%</b>	-	-	-
Total financial assets	779,231	-	-	779,231
<b>Period ended 30 June 2012</b>				
<i>Floating rate</i>				
Cash assets	1,789,008	-	-	1,789,008
<i>Fixed rate non-interest bearing</i>				
Receivables	52,369	-	-	52,369
Weighted average effective interest rate	<b>4.91%</b>	-	-	-
Total financial assets	1,841,377	-	-	1,841,377

## Notes to the Financial Statements

### FOR THE YEAR ENDED 30 JUNE 2013

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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**

Quopa Pty Ltd of which David Hillier is a director received administration consulting fees of \$133,285 (2012: \$158,872) for assistance in relation to the Saudi Arabian 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 (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 \$139,333 (2012: \$139,025) in consulting fees.

Watson's Lawyers, of which Peter Watson is a partner, received professional service fees of \$2,136 (2012: \$4,561).

HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling \$53,390 (2012: \$61,706). 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 16 to 20 of this document.

## 20. SIGNIFICANT EVENTS AFTER BALANCE DATE

On the 1 July 2013 the Company announced a number of changes to the board to introduce and new approach to the management of the company tenement package and search for ongoing investment opportunities.



## **Notes to the Financial Statements**

### **FOR THE YEAR ENDED 30 JUNE 2012**

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#### **21. GOING CONCERN BASIS OF ACCOUNTING**

The financial report has been prepared on the basis of a going concern. During the year ended 30 June 2013 the Company recorded a net cash outflow from operating and investing activities of \$1,013,084 and an operating loss of \$709,977.

The forward looking cash projections of the Company indicate that it is reliant on the completion of further capital raising for continued operations. The Company will be seeking to raise equity to fund operations, including exploration and working capital.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

## 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 2013 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



Simon O'Loughlin  
Chairman

Dated this 27<sup>th</sup> day of September 2013

## **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 2013, the statement of profit or loss and other 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. The Directors' responsibility also includes 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.

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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.

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 2013 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.

#### **Material uncertainty regarding going concern**

Without qualification to the audit opinion expressed above, we draw attention to Note 21 to the financial report which indicates the consolidated entity incurred a net loss of \$709,977 and a net cash outflow from operating and investing activities of \$1,013,084 during the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 21, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

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**Report on the remuneration report**


We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Lawson Gold Limited for the year ended 30 June 2013, 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, 27 September 2013

# ASX Additional Information

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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 10 October 2013.

## 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 304 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	Unquoted Options
1 - 1,000	3	-
1,001 - 5,000	9	-
5,001 - 10,000	132	-
10,001 - 100,000	129	2
100,001 and over	31	2
	<b>304</b>	<b>4</b>
Holding less than a marketable parcel	<b>20</b>	-

## Substantial shareholders

Ordinary shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
PENORE HOLDINGS PTY LTD <NYVLT SUPERANNUTION FUND A/C>	2,500,000	10.04%
HSBC CUSTODY NOMINEES <AUSTRALIA>	1,620,000	6.51%
FERRAUS LIMITED	1,500,001	6.03%
MR JOE SINGER	1,250,000	5.02%
Sub-total	<b>6,870,001</b>	<b>27.60%</b>

## ASX Additional Information (cont.)

### Twenty largest holders of quoted equity securities

	Fully Paid Ordinary Shares	
	Number	Percentage
PENORE HOLDINGS PTY LTD <NYVLT SUPERANNUTION FUND A/C>	2,500,000	10.04%
HSBC CUSTODY NOMINEES <AUSTRALIA>	1,620,000	6.51%
FERRAUS LIMITED	1,500,001	6.03%
MR JOE SINGER	1,250,000	5.02%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,229,000	4.94%
CITICORP NOMINEES PTY LIMITED	1,082,022	4.35%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	1,000,000	4.02%
GP SECURITIES PTY LTD	1,000,000	4.02%
ZERO NOMINEES PTY LTD	1,000,000	4.02%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	990,000	3.98%
PERSHING AUSTRALIA NOMINEES PTY LTD <NO 3 A/C>	643,538	2.59%
OCTIFIL PTY LTD	610,000	2.45%
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%
CPO SUPERANNUATION FUND PTY LTD <C & P O'CONNOR S/F A/C>	250,000	1.00%
GRYPHON PARTNERS PTY LTD	250,000	1.00%
	<b>17,313,042</b>	<b>69.55%</b>

### 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

**LAWSON**  
GOLD LIMITED

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