

Lawson Gold Ltd

ABN 32 141 804 104

Interim Financial Report

for the half year ended 31 December 2011

This information should be read in conjunction with the 30 June 2011 annual report.

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Directors' Report

The Directors of Lawson Gold Ltd ('Lawson Gold') present their report together with the financial statements of the Company for the half year ended 31 December 2011 and the Independent Review Report thereon.

Director Details

The following persons were Directors of Lawson Gold during the half year and until the date of this report.

Mr David Hillier, Chairman
Mr David Turvey, Executive Director
Mr Peter Watson, Non-Executive Director

Principal Activities

The principal activity of the Company during the period was to continue to conduct mineral exploration on tenements held and to seek out new areas with potential mineralisation.

There was no significant change in the nature of the Company's principal activities during the period.

Operating results and Review of Operations

The loss after income tax for the half year attributable to members of Lawson Gold Limited was \$568,306 (2010: Loss after tax of \$256,804).

Exploration activity

An interpretation of the geological setting for gold mineralisation was completed at the Lawson Gold Project located approximately 20km north of Kanowna near Kalgoorlie, Western Australia.

The geological interpretation was based on results from recent surface geological mapping, petrological studies of diamond drill core and re-logging of RC and RAB drill holes, and reviews of geochemical data (soil sampling) and geophysical data (aeromagnetic surveys). The interpretation concluded that gold mineralisation at the Lawsons Prospect is related to sheared and quartz-veined margins of porphyry intrusive rocks. This style of mineralisation is similar to the nearby Mulgarrrie mining centre, where several gold deposits containing 50,000-100,000 ounces were mined in 1980's-90's.

A review and interpretation of all previous soil sampling results on Lawson Gold's current exploration tenements was completed in order to prioritise soil gold anomalies and identify new gold exploration targets. Outcomes of the review included:

- a) Soil gold anomalies were identified that represent new gold exploration targets
- b) Multi-element geochemical signatures assisted in prioritising soil gold anomalies

- c) Previous geochemical sampling methods were validated
- d) Greater understanding was gained of “cost effective” sampling methods, data analysis and interpretation methods
- e) A “clean” geochemical database was established for ongoing exploration.

Results of the geochemical review have been used for planning the ongoing gold exploration program, including geological mapping and follow-up surface and/or auger soil sampling.

A geological and structural interpretation of open file aeromagnetic data was completed by Southern Geoscience Consultants. Outcomes included:

- a) Structural framework (faults & shear zones) and litho-stratigraphic packages were identified that may host gold, nickel and base metal mineralisation.
- b) New gold exploration targets were generated based on structural and alteration associations.
- c) High quality aeromagnetic database was established that provides competitive advantages and increases the “probability of success” for ongoing exploration.
- d) Basis for technical evaluation of neighbouring project areas and “benchmarking” of remaining gold exploration targets on Lawson Gold’s ground.

At this stage of the exploration program, Lawson Gold has not yet accomplished its stated objective of discovery of a gold deposit with the potential to contain and produce a half million ounces of gold. We have not closed off all possibilities and interpretation and target generation is ongoing.

Corporate activity

During the period the company continued to pursue additional opportunities which might add to the strength and diversity of the exploration portfolio. Discussions on a number of these opportunities within the core focus of exploration for precious and base metals are ongoing. Costs associated with these investigations will be expensed until such time as any definitive agreement is reached.

Auditor’s independence declaration

The auditor’s independence declaration is set out on page 5 and forms part of the Directors’ report for the half year ended 31 December 2011.

Signed in accordance with a resolution of the Directors.



Mr David Hillier
Chairman

8 March 2012

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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 review of Lawson Gold Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Director – Audit & Assurance Services

Adelaide, 8 March 2012

Interim statement of comprehensive income

For the half-year ended 31 December 2011

		Half-year ended	
		31 Dec 2011	31 Dec 2010
		\$	\$
Other income	3 (a)	76,258	96,562
Employee benefits expense	3 (b)	(50,000)	(103,757)
Depreciation expense		(1,911)	(3,783)
Consultancy fees		(257,513)	(4,476)
Other expenses	3 (c)	(335,140)	(113,370)
Loss before income tax expense		(568,306)	(128,824)
Income tax benefit/(expense)		-	(127,980)
Loss from continuing operations		(568,306)	(256,804)
Loss attributable to members of the parent entity		(568,306)	(256,804)
Other comprehensive income		-	-
Total comprehensive income for the period		(568,306)	(256,804)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(2.28)	(1.03)
Diluted earnings per share		(2.20)	(1.00)

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

Interim statement of financial position

As at 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents		2,251,572	2,796,901
Trade and other receivables		49,873	156,229
Other current assets		6,239	15,497
TOTAL CURRENT ASSETS		2,307,684	2,968,627
NON-CURRENT ASSETS			
Plant and equipment		8,268	10,179
Exploration and evaluation assets	4	1,349,948	1,229,555
TOTAL NON-CURRENT ASSETS		1,358,216	1,239,734
TOTAL ASSETS		3,665,900	4,208,361
CURRENT LIABILITIES			
Trade and other payables		145,983	120,138
TOTAL CURRENT LIABILITIES		145,983	120,138
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		145,983	120,138
NET ASSETS		3,519,917	4,088,223
EQUITY			
Issued capital	5	4,641,622	4,641,622
Reserves		139,500	139,500
Retained earnings		(1,261,205)	(692,899)
TOTAL EQUITY		3,519,917	4,088,223

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

Interim statement of changes in equity

For the half-year ended 31 December 2011

	Note	Issued Capital Ordinary \$	Share Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2010		1	-	(39,379)	(39,378)
Profit/(Loss) for the period		-	-	(256,804)	(256,804)
Issue of shares		4,978,600	-	-	4,978,600
Fair value of share options issued			139,500	-	139,500
Transaction costs (net of tax)		(325,166)	-	-	(325,166)
Balance at 31 December 2010		<u>4,653,435</u>	<u>139,500</u>	<u>(296,183)</u>	<u>4,496,752</u>
Balance at 1 July 2011		4,641,622	139,500	(692,899)	4,088,223
Profit/(Loss) for the period		-	-	(568,306)	(568,306)
Balance at 31 December 2011		<u>4,641,622</u>	<u>139,500</u>	<u>(1,261,205)</u>	<u>3,519,917</u>

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

Interim statement of cash flows

For the half-year ended 31 December 2011

	Half-year ended	
	31 Dec 2011 \$	31 Dec 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	77,813	80,966
Payments to suppliers and employees	(567,990)	(132,698)
NET CASH USED IN OPERATING ACTIVITIES	(490,176)	(51,732)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	(11,964)
Payments for exploration activities	(55,153)	(1,187,870)
NET CASH USED IN INVESTING ACTIVITIES	(55,153)	(1,199,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	4,978,600
Payment of transaction costs for issue of shares	-	(376,645)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	4,601,955
Net increase/(decrease) in cash and cash equivalents	(545,329)	3,350,389
Cash at the beginning of the period	2,796,901	2,802
CASH AT THE END OF THE PERIOD	2,251,572	3,353,191

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

Notes to the interim financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1. Summary of Accounting Policies

a. Corporate information

The interim financial statements of the Company for the six months ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 8 March 2012.

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

b. Statement of compliance

The interim financial statements for the six months ended 31 December 2011 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2011.

c. Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2011, except for the adoption of Improvements to AASBs 2010 (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of these interim financial statements.

Amendment to AASB 101 Presentation of Financial Statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company continues to present such reconciliations in the Statement of Changes in Equity.

Amendments to AASB 134 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Company's circumstances since the last annual financial statements. The Company's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

2. Segment reporting

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

Notes to the interim financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

3. Revenue and Expenses

	Half-year ended	
	31 Dec 2011	31 Dec 2010
	\$	\$
REVENUE AND EXPENSES		
(a) Other Income		
Bank interest received or receivable	76,258	96,562
	<u>76,258</u>	<u>96,562</u>
(b) Employee Benefit Expenses		
Wages, salaries, directors fees and other remuneration expenses	50,000	40,757
Share-based payments expense	-	63,000
	<u>50,000</u>	<u>103,757</u>
(c) Other Expenses		
Accounting fees	36,524	24,864
Legal costs	169,790	10,664
Occupancy costs	7,000	17,054
Insurance	9,258	-
ASX fees	15,065	21,845
Travel & accommodation	44,323	4,989
Service Agreements	8,737	16,176
Audit fees	10,850	15,000
Other expenses	33,593	2,778
	<u>335,140</u>	<u>113,370</u>

4. Exploration and Evaluation Assets

	31 December 2011	30 June 2011
	\$	\$
Balance at beginning of period	1,229,555	-
Capitalised exploration costs	120,393	1,479,555
Exploration costs written off	-	(250,000)
	<u>1,349,948</u>	<u>1,229,555</u>

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.

Notes to the interim financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

5. Issued capital

	As at 31 Dec 11 \$	As at 30 Jun 11 \$
Fully paid ordinary shares	4,641,622	4,641,622
	4,641,622	4,641,622
	Number	\$
Ordinary shares		
Balance at beginning of financial period	24,893,001	4,641,622
Balance at end of the financial period	24,893,001	4,641,622

6. Subsequent events

No significant events have occurred after balance date.

7. Contingent liabilities

As at 31 December 2011 there were no contingent liabilities.

Directors' Declaration

In the opinion of the Directors of Lawson Gold Ltd:

- (a) the interim financial statements and notes of Lawson Gold Ltd are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of its financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

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

David Hillier
Chairman

8 March 2012

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

We have reviewed the accompanying half-year financial report of Lawson Gold Limited ("Company"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other selected explanatory notes and the directors' declaration

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

Independence

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

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of Lawson Gold Limited for the half-year ended 31 December 2011 included on Lawson Gold Limited's web site. The Company's directors are responsible for the integrity of Lawson Gold Limited's web site. We have not been engaged to report on the integrity of Lawson Gold Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

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

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Director – Audit & Assurance Services

Adelaide, 8 March 2012