



Stonewall Resources Limited

(formerly Meridien Resources Limited)

ACN 131 758 177

Interim Financial Report
for the Half Year Ended 31 December 2012

Corporate Directory

DIRECTORS

Mr David Murray
Mr Nathan Taylor
Mr Jian Shen
Mr Yang Liu
Mr Trevor Fourie

REGISTERED OFFICE

Level 2, 139 Frome Street
Adelaide SA 5000
Ph: (08) 7421 1400
Fax: (08) 7421 1499

AUDITORS

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000
Ph: (03) 9671 7000
Fax: (03) 9671 7001

COMPANY SECRETARY

Mr Peter Hunt

SHARE REGISTRY

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Ph: (02) 1300 737 760
Fax: (02) 1300 653 459

SOLICITORS

Mills Oakley Lawyers
Level 6, 530 Collins Street
Melbourne VIC 3000
Ph: (03) 9670 9111
Fax: (03) 9605 0933

Steinepreis Paganin
16 Milligan Street
Perth WA 6000
Ph: (08) 9321 4000
Fax: (08) 9321 4333

INVESTOR RELATIONS

Bourse Communications Pty Ltd
Suite 104, 22 St Kilda Rd
St Kilda VIC 3182
Ph: (03) 9510 8309
Fax: (03) 9510 186

Directors Report

Your Directors present their report on Stonewall Resources Limited (formerly Meridien Resources Limited) for the half year ended 31 December 2012.

Directors

The names of the Directors of Stonewall Resources Limited (the Consolidated Entity) during or since the end of the half year are:

Mr D Murray – Non Executive Chairman
Mr N Taylor - Non Executive Director
Mr T Fourie - Non Executive Director
Mr J Shen - Non Executive Director (appointed 29 January 2013)
Mr Y Liu - Non Executive Director (appointed 29 January 2013)
Mr S. Dhupelia – Non Executive Director (resigned 28 November 2012)

Stonewall Resources – Background

Stonewall Resources Limited (ASX: SWJ) is a gold mining company making the transition from explorer to producer. The Consolidated Entity holds a range of prospective gold assets, most of which are located in the world-renowned South African gold mining regions. These South African assets, which include several surface and near-surface gold mineralisations, provide cost advantages relative to other gold producers in the region. With significant infrastructure already in place, the Consolidated Entity is uniquely positioned to make the transition to producer through highly efficient utilisation of capital and within short lead times.

The Consolidated Entity's four key projects are the TGME Project, located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province of South Africa (one of South Africa's oldest gold mining districts), the Bosveld Project, located in South Africa's KwaZulu-Natal Province, and the Lucky Draw Project, located in Australia, near the township of Burranga in New South Wales. The Consolidated Entity owns 74% of TGME, the Sabie Mines and the Bosveld Mines.

The Consolidated Entity's exploration program is designed to identify additional potential Mineral Resources to establish long term mining plans. It is currently processing gold from tailings dumps located within its TGME and Bosveld Projects, from which it is earning revenue and aims to introduce two additional near term production targets during 2013.

Material Transactions

During the reporting period, the Consolidated Entity entered into various agreements relating to Black Economic Empowerment (BEE) and the acquisition of Stonewall Mining Proprietary Limited (Stonewall), an emerging gold producer, developer and exploration company incorporated in South Africa.

The Consolidated Entity holds:

- a. A 74% interest in Transvaal Gold Mining Estates Limited (TGME) and Sabie Gold Mines Proprietary Limited (Sabie). TGME and Sabie (located in the eastern gold fields of South Africa) together have significant Mineral Resources; and
- b. An 84% interest in Bosveld Mines Proprietary Limited (Bosveld). Bosveld is the holder of the Bosveld project which has significant existing infrastructure and contains two areas of gold mineralisation in the Klipwal Mine and Kortnek Mine prospect area. A further 10% of the shares in Bosveld have been earmarked for black economic partners after which the Consolidated Entity's interest will decrease to a 74% interest.

Directors Report

The Consolidated entity also entered into the following agreements relating to the acquisition of Stonewall:

- a. The Share Sale Agreement with the Non-South African Stonewall Shareholders to acquire the issued share capital of Stonewall Proprietary Limited from the Non-South African Stonewall Shareholders; and
- b. The Option Agreement with the South African Stonewall Shareholders, pursuant to which the Company acquired a put option to buy, and the South African Stonewall Shareholders acquired a call option to sell the remaining issued share capital of Stonewall.

Results

After a number of one-off costs described below, the Consolidated Entity's result for the half-year ended 31 December 2012 was a loss of USD 26,048,203 (31 December 2011: USD 3,628,920 loss). The result is attributable to the Consolidated Entity's Transvaal Gold Mining Estates (TGME), Sabie Gold Mines (Sabie) and Bosveld Mines (Bosveld) Projects in South Africa where the Consolidated Entity is currently processing gold.

The magnitude of the loss is primarily due to a number of one-off costs associated with the material transactions outlined above. These one-off costs related to the following:

- One-off assistance expenditure to the Black Economic Empowerment (BEE) shareholders of TGME and Sabie totalling USD 10,235,438
- One-off share and option based payments upon completion of the Share Sale Agreement to acquire Stonewall, paid in relation to past services provided, totalling USD 4,067,940
- One-off impairment of goodwill arising on the acquisition of Stonewall Mining Pty Ltd totalling USD 9,221,124

Principal Activities

The Consolidated Entity's principal activities during the period were gold exploration, development of gold mining projects and mine operations.

Review of Operations

During the 6 month period to 31 December 2012, the Consolidated Entity was primarily focused on the development of gold exploration and mining activities in its project areas in South Africa and Australia.

TGME and Sabie Projects - South Africa

Beta

Beta has a current JORC compliant mineral resource of 530,800oz as defined by the JORC code (69.1koz indicated, 461.7k oz inferred at a grade of 3.10 – 4.86g/t). A drilling campaign is currently underway to convert Inferred Resources to Indicated Resources and there is also the potential to increase Inferred Resources.

The campaign will lead to the completion of the pre-feasibility study, after which it is the intention to commence with trial mining on a small scale (5000 ton per month) to prove mining and processing methodology as well as gold recovery. This phased approach is facilitated by the significant existing infrastructure and mining development, which allows trial mining to commence with minimal capital investment.

Directors Report

Theta

Theta Mine has been re-opened, debris removed, the adit enlarged, and the rock bolting checked and upgraded. The Consolidated Entity has also installed compression and ventilation, commenced on-reef development, with mining of first stope underway and two LHD's operating underground. The refurbishment of Theta Mine is scheduled for completion by April 2013 after which production will be ramped up over four months on a capital budget of \$2.7m. The planned re-opening of the mine is on time and within budget.

The Theta Mine is part of the Theta and Frankfort mining complex, which was mined from 2008 to 2009, and there is significant underground infrastructure in place. Over 800m of lateral development and several stoping panels have been mined and supported. The ore body and metallurgical process is well understood by management due to the experience of past mining, the testing of material in the TGME bulk test plant and the availability of historical records and plans.

The two ore bodies, namely the Theta reef and the Bevet's reef, at Frankfort Mine were operated as one mine. The Consolidated Entity will follow a similar approach, but phase the development over time.

Due to Theta development being on-reef, the average grade being highest in the complex and Theta reefs containing less carbon (making metallurgical processing easier); the Theta Mine will be developed first. After Theta has been commissioned, the development of the Frankfort Mine will commence.

The process flow of the Consolidated Entity that will apply to the Theta ore is based upon the current metallurgical plant operation, which has been treating tailings over the past 18 months. These tailings originated from mining the Theta and Frankfort mining complex.

The current known Mineral Resource is adequate to sustain the mining of this complex for a minimum of 4-5 years. During this period, additional exploration drilling will continue in the Theta area in order to extend the Life of Mine. The exploration program will focus on the extension of the Theta and Bevet's reef as well as looking for parallel reef structures.

Rietfontein

Rietfontein is a highly attractive mine with an excellent resource, and significant development is in place.

The Consolidated Entity is set to commence drilling and exploration. In addition, the Company has completed a pre-feasibility study and will commence with trial mining on a small scale (5000 tons per month) to prove mining and processing methodology as well as gold recovery. This phased approach is facilitated by the significant existing infrastructure and mining development, which allows trial mining to commence with minimal capital investment.

Bosveld Mines – South Africa

Klipwal Tailings Project

The Klipwal Mine is one of the areas of gold mineralisation of Bosveld Mines Proprietary Limited, a subsidiary of the Consolidated Entity.

During the period, the rebuilding of the plant, infrastructure and deposition for the Klipwal Tailings project was completed on time and within budget. Over the next three months, the project will be fully commissioned.

In addition, the Consolidated Entity assesses exploration targets at both the Klipwal and Kortnek mines.

Directors Report

Australian Projects

Lucky Draw – New South Wales

The Consolidated Entity's primary tenement in Australia is an exploration licence pertaining to the Lucky Draw gold tailings dam situated at Burruga, approximately 3 hours west of Sydney. During the half year, the Consolidated Entity worked with Developed Resources Pty Ltd ("Developed Resources") who specialise in small scale mine management. They have existing relationships with some of the leading mining service providers and they are also specialists in maximising returns on tailings dams and other small scale mining projects.

Developed Resources conducted further metallurgical test work using wave table technology. Whilst the results have been inconclusive and there is no evidence of recoverable value, Developed Resources decided to move forward with further investigatory works.

Springfield – New South Wales

During the period, the Consolidated Entity applied for a new Exploration Licence over the ground previously held by Jaguar Minerals Ltd ('Jaguar') for the Springfield tenement. This application was made with the consent of Jaguar.

The Consolidated Entity retains an 80% interest in the new Exploration Licence. Jaguar will retain a 20% interest which is free carried to feasibility.

No field work was undertaken during the half year for mining tenements Weelah, Springfield and Mount David.

Community Policy/Commitment

Throughout the period, the Consolidated Entity has been committed to taking responsibility for the short and long term, economic, social and environmental implications of its mining activities.

The Company is committed to community uplift and regional growth through effective partnerships with all local stakeholders in the regions where it has mining operations.

The Consolidated Entity is committed to:

- Treating its communities with respect, understanding and dignity as well as recognising them as important stakeholder groups with rights and interests
- Respecting community governance and always engaging in community consultation prior to initiating any significant operations that will have a substantial impact on the region
- Recognising that local communities should be informed of the potential impacts, risks, and benefits that may result from the Consolidated Entity's operations
- Ensuring that its operations neither harm nor threaten the sustainability of local communities

Industrial Relations

The Consolidated Entity's main priority is to maintain good relationships with employees and the labour unions. The Company is strongly involved with improving life in communities around its mines. Thus, it has invested in education, training and health services for local workers and it interacts with regional union officials on a regular basis.

During the period, there has been a strong focus on community involvement and alignment, with the Company committed to recruiting employees from the community when possible.

As a result, the Consolidated Entity continues to foster good relations with all stakeholders.

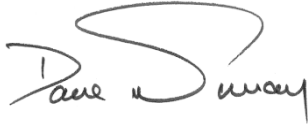
Directors Report

Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2012.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'David Murray', with a large, stylized 'D' and 'M'.

David Murray

Chairman
Adelaide, 12 March 2013

Board of Directors
Stonewall Resources Limited
Level 2, 139 Frome Street
ADELAIDE SA 5000

12 March 2013

Dear Board Members

Stonewall Resources Limited

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

As lead audit partner for the review of the financial statements of Stonewall Resources Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants

**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
for the half-year ended 31 December 2012**

	Notes	31 December 2012 USD	31 December 2011 USD
Continuing operations			
Revenue	2(a)	3,804,910	-
Cost of sales		(4,260,508)	-
Gross (loss)		(455,598)	-
Interest income		220,233	12,297
Other income		109,386	1,455
Finance costs		(24,190)	(84,495)
Management fees paid		(177,000)	(198,345)
Administrative expenses		(892,267)	(630,792)
Consultants expenses and professional costs	2(b)	(4,730,997)	(590,893)
Employee and contractors expenses		(596,486)	(358,331)
Financial assistance to BEE and other expenses	2(b)	(10,235,438)	(1,779,816)
Rehabilitation provision movement		(44,722)	-
Impairment of goodwill	6	(9,221,124)	-
(Loss) before income tax expense		(26,048,203)	(3,628,920)
Income tax expense		-	-
(Loss) for the period from continuing operations		(26,048,203)	(3,628,920)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		(864,441)	(222,544)
Total comprehensive income for the period		(26,912,644)	(3,851,464)
Loss attributable to:			
Equity holders of the parent		(25,602,399)	(3,551,698)
Non-controlling interest		(445,804)	(77,222)
		(26,048,203)	(3,628,920)
Total comprehensive income attributable to:			
Equity holders of the parent		(26,466,840)	(3,774,242)
Non-controlling interest		(445,804)	(77,222)
		(26,912,644)	(3,851,464)
Earnings per share			
Basic (cents per share)		(5.65)	(1.48)
Diluted (cents per share)		(5.65)	(1.48)

Notes to the condensed consolidated financial statements are included on pages 14 to 24.

**Condensed Consolidated Statement of Financial Position
as at 31 December 2012**

	Notes	31 December 2012 USD	30 June 2012 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		10,383,318	1,577,187
Trade and other receivables		434,533	267,592
Inventories		1,135,121	627,157
Other financial assets		6,110	-
TOTAL CURRENT ASSETS		11,959,082	2,471,936
NON-CURRENT ASSETS			
Property, plant & equipment		4,436,409	3,104,525
Investment property		813,527	833,554
Mining rights and mining development		6,602,219	6,697,402
Rehabilitation investment funds		1,259,753	1,135,424
TOTAL NON-CURRENT ASSETS		13,111,908	11,770,905
TOTAL ASSETS		25,070,990	14,242,841
CURRENT LIABILITIES			
Trade and other payables		2,044,722	1,526,493
Warrants settlement costs		-	2,039,589
Deferred consideration payable	6	1,886,717	-
Finance lease obligation		1,885	85,335
Loan from director		6,714	7,363
Employee benefits		311,699	261,074
TOTAL CURRENT LIABILITIES		4,251,737	3,919,854
NON-CURRENT LIABILITIES			
Finance lease obligation		72,683	23,778
Environmental rehabilitation provision		1,533,285	1,525,286
TOTAL NON-CURRENT LIABILITIES		1,605,968	1,549,064
TOTAL LIABILITIES		5,857,705	5,468,918
NET ASSETS		19,213,285	8,773,923

**Condensed Consolidated Statement of Financial Position
as at 31 December 2012 (continued)**

	Notes	31 December 2012 USD	30 June 2012 USD
Issued Capital	7	41,309,007	14,631,564
Reserves		8,972,353	(837,769)
Accumulated Losses		(29,797,559)	(4,559,633)
Non-Controlling Interest		(1,270,516)	(460,239)
TOTAL EQUITY		19,213,285	8,773,923

**Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2012**

	Issued Capital	Equity Reserve	Ownership Reserve	Option Reserve	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non- controlling Interest	Total
Balance 1 July 2011	1,960,313	-	-	-	1,191,251	(1,423,407)	1,728,157	(288,040)	1,440,117
Loss for the period	-	-	-	-	-	(3,551,698)	(3,551,698)	(77,222)	(3,628,920)
Other comprehensive Income for the period, net of income tax	-	-	-	-	(222,544)	-	(222,544)	-	(222,544)
Total comprehensive income for the period	-	-	-	-	(222,544)	(3,551,698)	(3,774,242)	(77,222)	(3,851,464)
Issue of shares	7,556,519	-	-	-	-	-	7,556,519	-	7,556,519
Cost of share issues	(113,952)	-	-	-	-	-	(113,952)	-	(113,952)
Balance at 31 December 2011	9,402,880	-	-	-	968,707	(4,975,105)	5,396,482	(365,262)	5,031,220
Balance 1 July 2012	14,631,564	-	-	-	(837,769)	(4,559,633)	9,234,162	(460,239)	8,773,923
Loss for the period	-	-	-	-	-	(25,602,399)	(25,602,399)	(445,804)	(26,048,203)
Other comprehensive Income for the period, net of income tax	-	-	-	-	(864,441)	-	(864,441)	-	(864,441)
Total comprehensive loss for the period	-	-	-	-	(864,441)	(25,602,399)	(26,466,840)	(445,804)	(26,912,644)
Issue of Shares	19,857,854	-	-	-	-	-	19,857,854	-	19,857,854
Cost of share issues	(723,275)	-	-	-	-	-	(723,275)	-	(723,275)
Adjustment on reverse acquisition transaction	7,542,864	-	-	-	-	-	7,542,864	-	7,542,864
Black Economic Empowerment Assistance	-	10,218,090	-	-	-	-	10,218,090	-	10,218,090
Option based payments	-	-	-	92,000	-	-	92,000	-	92,000
Change in Ownership	-	-	364,473	-	-	364,473	728,946	(364,473)	364,473
Balance at 31 December 2012	41,309,007	10,218,090	364,473	92,000	(1,702,210)	(29,797,559)	20,483,801	(1,270,516)	19,213,285

Notes to the condensed consolidated financial statements are included on pages 14 to 24.

Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2012

	Notes	31 December 2012 USD	31 December 2011 USD
Cash flows from operating activities			
Receipts from customers		3,570,326	-
Payments to suppliers and employees		(6,163,676)	(3,785,745)
Interest received		220,233	12,298
Interest paid		(24,190)	(84,495)
Net cash (inflow) from operating activities		(2,397,307)	(3,857,942)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,591,701)	(8,463)
Payments for other non-current assets		(65,844)	(2,645)
Cash acquired upon business combination	6	66,515	-
Proceeds from disposals of assets		-	191,469
Cash in escrow - purchase of subsidiary		-	(3,305,750)
Loans advanced to other companies		-	(1,637,933)
Net cash (outflow) from investing activities		(1,591,030)	(4,763,322)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		15,637,124	7,470,700
Payment of share issue costs		(723,275)	(113,952)
Repayment from borrowings		(472)	(53,553)
Decrease in finance lease obligation		(31,978)	(26,843)
Increase in other short-term liabilities		-	1,779,817
Warrant settlement costs		(1,993,964)	-
Net cash inflow from financing activities		12,887,435	9,056,169
Net increase in cash and cash equivalents		8,899,098	434,905
Cash and cash equivalents at the beginning of period		1,577,187	337,022
Exchange rate adjustments		(92,967)	(87,071)
Cash at the end of the period		10,383,318	684,856

Notes to the condensed consolidated financial statements are included on pages 14 to 24.

Notes to the Financial Statements for the half year ended 31 December 2012

Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

It is recommended that the half-year financial report be considered together with any public announcements made by Stonewall Resources Limited during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the group recognises any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Stonewall Resources Limited is listed on the Australian Securities Exchange. Stonewall Resources Limited completed the legal acquisition of Stonewall Mining Pty Ltd on 27 November 2012.

Stonewall Mining Pty Ltd was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business Combinations. Therefore, the transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements of Stonewall Resources Limited have been prepared as a continuation of the consolidated financial statements of Stonewall Mining Pty Ltd. Stonewall Mining Pty Ltd (as the deemed acquirer) has accounted for the acquisition of Stonewall Resources Limited from 27 November 2012. The comparative information presented in the consolidated financial statements is that of Stonewall Mining Pty Ltd.

Notes to the Financial Statements for the half year ended 31 December 2012

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from the sale of gold and silver is recognised when the significant risks and rewards of ownership are transferred to the buyer.
- The consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Mining development

Mining development comprises mining development costs and exploration and evaluation costs on mineral exploration prospects.

Exploration and evaluation costs

Exploration and evaluation costs are accumulated separately for each area of interest (an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proven to contain such a deposit) and are carried forward on the following basis:

- Each area of interest is considered separately when deciding whether and to what extent to carry forward an asset or write-off costs. An asset, as defined, is a resource controlled by the Consolidated Entity as a result of past events and from which future economic benefits are expected to flow to the Consolidated Entity.
- Rights to prospect in the area of interest are current, provided that such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, or exploration activities have not reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.
- The carrying values of exploration assets are reviewed by the directors where results of exploration of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful developments and exploitation of the area of interest. Expenditure in excess of this estimate is written-off to the statement of comprehensive income in the period in which the review occurs. Where a decision is made to proceed with development in respect of a particular area of interest, the balance is then reclassified to Mining Development.
- At each reporting date, management assesses whether there is any indication that exploration and evaluation expenditure carried forward per area may be impaired. If any such impairment exists, the carrying amount is written-down to the higher of net selling price and value in use.

Mining development

All expenditure incurred on mining areas where commercial production has not commenced is capitalised and is recognised at cost less accumulated amortisation and any impairment losses. When the specific area is mined as part of commercial operations the capital asset is written off over the life of the operations related to that specific area.

Notes to the Financial Statements for the half year ended 31 December 2012

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged against profit or loss on a straight-line basis over the term of the lease.

Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Inventory

Inventories are valued at the lower of cost or estimated net realisable value. Cost is determined on the weighted average method. Obsolete and slow moving consumable stock is identified and suitable write-downs in value are made when necessary.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in United States dollars (USD), on the basis that the US dollar is the most appropriate base given the group operates in more than one currency and has a large investor base which operates in a different functional currency to all companies in the group which is Stonewall Resources functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are attributable to part of the net investment in a foreign operation.

Notes to the Financial Statements for the half year ended 31 December 2012

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions), and

All resulting exchange differences are recognised in other comprehensive income.

Black Economic Empowerment (BEE) Transactions

Where equity instruments are issued to a BEE partner at less than fair value, these are accounted for as share-based payments.

The difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in profit or loss on the transaction date, with a corresponding increase in equity. No service or other conditions exist for BEE partners. A restriction on the BEE partner to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the entity incurred a loss of USD26,048,203 and had net cash outflows from operating activities of USD2,397,307 for the period year ended 31 December 2012.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The entity has the ability to continue to raise additional funds on a timely basis.
- The entity has a cash balance of USD10,383,318 and net assets of USD19,213,285 as at period end;
- The ability of the entity to further scale back certain parts of its activities that are non essential so as to conserve cash;
- The entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets; and;
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Notes to the Financial Statements for the half year ended 31 December 2012

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the company's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

Decommissioning costs of plant and equipment

The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are realised.

These estimates are reviewed at least annually. All subsequent changes to the provision are recognised in the statement of comprehensive income.

On-going rehabilitation expenditure

On-going rehabilitation expenditure is recognized in the statement of comprehensive income.

Note 2: Revenue and Expenses

31 December 2012 USD	31 December 2011 USD
----------------------------	----------------------------

Significant Revenue and Expenses

(a) Revenue

Gold Sales / Carbon Mining Revenue	3,804,910	-
	3,804,910	-

Notes to the Financial Statements for the half year ended 31 December 2012

Note 2: Revenue and Expenses (continued)

(b) Expenses

Consultants expenses and professional costs:

- Share based payments for past services rendered	(3,975,940)	-
- Option based payments for past services rendered	(92,000)	-
- Other professional fees	(663,057)	(590,893)

Other expenses:

- Warrant settlement costs	-	(1,779,816)
- Financial assistance to TGME BEE entity	(7,164,842)	-
- Financial assistance to SABIE BEE entity	(3,070,596)	-
	(14,966,435)	(2,370,709)

Note 3: Dividends

No dividend has been paid or declared in this financial period or the previous financial period.

Note 4: Operating Segment

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Consolidated Entity's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused the individual mining locations in which the Consolidated Entity has an interest

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Entity's accounting policies.

(i) Segment performance

Six months ended 31 December 2012	TGME USD	Bosveld USD	Sabie USD	Total USD
Continuing operations				
Gold and mining revenue	3,301,522	490,526	12,862	3,804,910
Less: Cost of sales	(3,279,574)	(980,934)	-	(4,260,508)
Segment gross profit (loss)	21,948	(490,408)	12,862	(455,598)
Unallocated items:				
Other revenue				329,619
<i>Reconciliation of segment result to group net loss before tax</i>				
Unallocated items:				
Other expenses				(25,922,224)
Net loss before tax				(26,048,203)

Notes to the Financial Statements for the half year ended 31 December 2012

Note 4: Operating Segment (continued)

Six months ended 31 December 2011	TGME USD	Bosveld USD	Sabie USD	Total USD
Continuing operations				
Gold and mining revenue	-	-	-	-
Unallocated items:				
Other revenue				13,752
<i>Reconciliation of segment result to group net (loss) before tax</i>				
Unallocated items:				
Other expenses				(3,642,672)
Net loss before tax				(3,628,920)

(ii) Segment assets

31 December 2012	TGME USD	Bosveld USD	Sabie USD	Total USD
Balance at 1 July 2012	7,827,878	2,616,414	162,824	10,607,116
Segment asset increases (decreases) for the period	2,190,659	152,122	(5,914)	2,336,867
Balance at 31 December 2012	10,018,537	2,768,536	156,910	12,943,983
Unallocated assets:				
Other				12,127,007
Total assets				25,070,990

30 June 2012	TGME USD	Bosveld USD	Sabie USD	Total USD
Balance at 1 January 2012	-	2,623,254	-	2,623,254
Segment asset increases (decreases) for the period	7,827,878	(6,840)	162,824	7,983,862
Balance at 30 June 2012	7,827,878	2,616,414	162,824	10,607,116
Unallocated assets:				
Other				3,635,725
Total assets				14,242,841

Notes to the Financial Statements for the half year ended 31 December 2012

Note 5: Contingent Liabilities

There are no contingent liabilities as at the reporting date.

Note 6: Business Combinations

On 27 November 2012, Stonewall Resources Limited acquired 80.02% (along with an option to purchase the remaining 19.98%) of the issued shares of Stonewall Mining Pty Ltd. Under the principals of AASB 3 Business Combinations, Stonewall Mining Pty Ltd is the accounting acquirer in the business combination. Therefore, the transaction has been accounted for as a reverse acquisition (see Note 1).

Accordingly, the consolidated financial statements of Stonewall Resources Limited have been prepared as a continuation of the consolidated financial statements of Stonewall Mining Pty Ltd. Stonewall Mining Pty Ltd, as the acquirer, has accounted for the acquisition of Stonewall Resources Limited from 27 November 2012.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Stonewall Mining Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Stonewall Resources Limited). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the most recent issue of shares in Stonewall Mining Pty Ltd prior to the date of acquisition.

Included in the loss for the half-year is USD4,109,185 attributable to Stonewall Resources Limited. None of the revenue for the half-year is attributable to Stonewall Resources Limited.

Had the acquisition been effected at 1 July 2012, the revenue of the Consolidated Entity from continuing operations for the six months ended 31 December 2012 would have been USD3,804,910, and the loss for the six months ended 31 December 2012 from continuing operations would have been USD26,798,314.

The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future half-years.

Notes to the Financial Statements for the half year ended 31 December 2012

Note 6: Business Combinations (continued)

The following represents the net assets and consideration paid by Stonewall Mining Pty Ltd for the acquisition of Stonewall Resources Limited

Net assets acquired:

	Acquiree's carrying amount before business combination	Fair value adjustments	Fair value
Current Assets:			
Cash and cash equivalents	66,515	-	66,515
Trade & other receivables	59,309	-	59,309
Financial assets	6,222	-	6,222
Total Current Assets	132,046	-	132,046
Non Current Assets			
Property, plant & equipment	139,730	-	139,730
Other assets	973,896	(973,896)	-
Total Non Current Assets	1,113,626		139,730
Total Assets	1,245,672	(973,896)	271,776
Current Liabilities			
Trade & other payables	(63,319)	-	(63,319)
Total Liabilities	(63,319)	-	(63,319)
Net Assets			208,457
Goodwill on consolidation*			9,221,124
Total consideration			9,429,581
Represented by:			
Shares issued on acquisition			7,542,864
Deferred consideration			1,886,717
			9,429,581
<i>The cash flows on acquisition are as follows:</i>			
Net cash acquired with parent company			66,515
Cash paid			-
Net cash inflow			66,515

Notes to the Financial Statements for the half year ended 31 December 2012

Note 6: Business Combinations (continued)

The consideration paid was:

- 310,000,000 shares issued to Non-South African shareholders pursuant to the Share Sale Agreement
- 58,479,760 shares to be issued to Non-South African shareholders pursuant to the Share Sale Agreement
- 79,520,240 shares to be issued to South African shareholders pursuant to the Share Sale Agreement

*The reverse acquisition of Stonewall Resources Limited resulted in goodwill on acquisition of \$9,221,124 as detailed above. Upon assessment by the directors, it was determined that this goodwill was not recoverable and the entire balance was impaired as at 31 December 2012.

The acquisition has been provisionally accounted for.

Note 7: Issued Capital

(a) Movements in share capital during the six months to 31 December 2012 were as follows:

		Fully Paid Ordinary Shares	USD
1 July 2012	Opening Balance	19,960	14,631,564
16 July 2012	Issue of shares	2,507	9,956,772
27 November 2012	Elimination of shares on Reserve Takeover by Stonewall Resources Ltd	(22,467)	-
27 November 2012	Existing shares of Stonewall Resources Ltd on acquisition of Stonewall Mining Pty Ltd*	47,138,924	7,542,864
27 November 2012	Issue of shares**	310,000,000	-
27 November 2012	Issue of shares***	19,000,000	3,972,140
27 November 2012	Issue of shares****	28,360,000	5,928,942
	Less: Share issue costs		(723,275)
31 December 2012	Closing Balance	404,498,924	41,309,007

* The transaction under which Stonewall Resources Ltd acquired Stonewall Mining Pty Ltd resulted in an increase in share capital of Stonewall Mining Pty Ltd by USD7,542,864 upon consolidation.

** 310,000,000 shares were issued to non-South African shareholders of Stonewall Mining Pty Ltd pursuant to the share sale agreement.

*** 19,000,000 shares were issued in consideration for past services rendered as resolved at the General Meeting of Shareholders held 2 October 2012.

**** 28,360,000 shares were issued pursuant to the prospectus dated 21 September 2012

Notes to the Financial Statements for the half year ended 31 December 2012

Note 7: Issued Capital (continued)

(b) Movements in share capital of during the six months to 31 December 2011 were as follows:

		Fully Paid Ordinary Shares	USD
1 July 2011	Opening Balance	12,085	1,960,313
16 August 2011	Issue of shares	598	994,787
31 August 2011	Issue of shares	80	135,744
31 October 2011	Issue of shares	3,289	5,434,968
15 December 2011	Issue of shares	598	991,020
	Less: Share issue costs		(113,952)
31 December 2011	Closing Balance	16,650	9,402,880

(c) Options

Total unlisted options of Stonewall Resources Limited as at 31 December 2012 are:

- (i) 1,460,000 unlisted unrestricted options issued on 30 November 2008, exercisable at AUD0.20 each on or before 31 October 2013
- (ii) 1,956,250 unlisted unrestricted options issued on 30 April 2009, exercisable at AUD0.20 each on or before 31 October 2013
- (iii) 430,000 unlisted unrestricted options issued on 12 June 2009, exercisable at AUD0.20 each on or before 31 October 2013
- (iv) 20,000 unlisted unrestricted options issued on 15 June 2009, exercisable at AUD0.20 each on or before 31 October 2013
- (v) 1,243,750 unlisted unrestricted options issued on 29 October 2009, exercisable at AUD0.20 each on or before 31 October 2013
- (vi) 3,750,000 unlisted options restricted and escrowed for 24 months from 7 April 2011, issued on 30 November 2008 exercisable at AUD0.20 each on or before 31 October 2013
- (vii) 1,000,000 unlisted options restricted and escrowed for 24 months from 7 April 2011, issued on 30 March 2011 exercisable at AUD0.25 each on or before 31 March 2014
- (viii) 1,000,000 unlisted options restricted and escrowed for 24 months from 29 November 2012 issued 27 November 2012 exercisable at AUD0.20 each on or before 27 November 2015.

Note 8: Event Subsequent to Reporting Date

On 29 January 2013, the Consolidated Entity announced to the market the appointment of two additional directors. Mr Yang Liu and Mr Jian Shen were appointed as additions to the board of Stonewall Resources Limited.

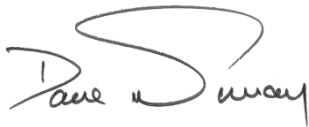
Directors' Declaration

The directors declare that:

1. the financial statements and notes, as set out on pages 9 to 24, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard AASB 134; Interim Financial Reporting and
 - b. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the half year ended on that date of the Consolidated Entity;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'David Murray', with a large, stylized 'D' and 'M'.

David Murray
Chairman

Adelaide, 12 March 2013

Independent Auditor's Review Report to the members of Stonewall Resources Limited

We have reviewed the accompanying half-year financial report of Stonewall Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control 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 Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Stonewall Resources 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stonewall Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Stonewall Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants
Melbourne, 12 March 2013