

# **Meridien Resources Limited**

ABN 131 758 177

Interim Financial Report  
for the Half Year Ended 31 December 2011

## Corporate Directory

### **DIRECTORS**

Mr Nathan Taylor  
Mr Sunil Dhupelia  
Mr Trevor Fourie  
Mr David Murray

### **COMPANY SECRETARY**

Mr Peter Hunt

### **REGISTERED OFFICE**

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

### **SHARE REGISTRY**

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

### **NOMINATED ADVISOR**

Collins Street Group Pty Ltd  
Level 13  
350 Collins Street  
Melbourne VIC 3000  
Ph: (03) 9670 9030  
Fax: (03) 9606 0267

### **SPONSORING BROKER**

Dayton Way Financial Pty Ltd  
Level 5, 17-19 Bridge Street  
Sydney NSW 2000  
Ph: (02) 9276 3100  
Fax: (02) 9252 0890

### **AUDITORS**

RSM Bird Cameron Partners  
Level 12, 60 Castlereagh St  
Sydney NSW 2000  
Ph: (02) 9233 8933  
Fax: (02) 9233 8521

### **SOLICITORS**

TressCox Lawyers  
Level 9, 469 La Trobe Street  
Melbourne VIC 3000  
Ph: (03) 9602 9444  
Fax: (03) 9642 0382

## Directors Report

Your directors present their report on the company for the half year ended 31 December 2011.

### Directors

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

Mr J MacFarlane (resigned 2 September 2011)  
Mr K Shirlaw (resigned 2 September 2011)  
Mr M Ivkovic (resigned 27 January 2012)  
Mr N Taylor (appointed 28 June 2011)  
Mr S. Dhupelia (appointed 2 September 2011)  
Mr T Fourie (appointed 27 January 2012)  
Mr D Murray (appointed 27 January 2012)

### Review of Operations

During the 6 month period to 31 December 2011, the Company was primarily focussed on the development of gold exploration and mining activities in the Central West corridor of New South Wales.

The Company's primary tenement 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 Company worked with Developed Resources Pty Ltd ("Developed Resources") who specialise in small scale mine management. They have existing relationships with some of the market 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. Encouraged by their results, Developed Resources agreed to move forward with a trial mining operation to be conducted at Lucky Draw in the first quarter of 2012.

Subsequent negotiations between the companies resulted in the Company executing a Mining Operations Agreement with Developed Resources as announced 20 December 2011.

During the period, Meridien 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.

Meridien 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.

### Stonewall Mining Acquisition

On 23 January 2012, the Company announced the execution of a conditional agreement to acquire Stonewall Mining Pty Ltd ("Stonewall") which holds an effective 74% interest in a gold resource of 0.7 Million Ounces measured and indicated, and 1.85 Million Ounces inferred.

The Acquisition is subject to various conditions, including receipt of all necessary regulatory and shareholder approvals in connection with this transaction.

The Company intends to convene a general meeting to approve the necessary aspects of the transaction.

## Directors Report

### Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2011.

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

A handwritten signature in black ink, appearing to read 'Nathan Taylor', is positioned above the printed name and title.

**Nathan Taylor**  
**Director**

15 March 2012

**RSM Bird Cameron Partners**  
Level 12, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001  
T +61 2 9233 8933 F +61 2 9233 8521

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Meridien Resources Limited for the half year ended 31 December 2011, 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.

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants

*C J Hume*

**C J HUME**  
Partner

Sydney, NSW  
Dated: 15<sup>th</sup> March 2012

**Statement of Comprehensive Income  
 as at 31 December 2011**

	Notes	31 December 2011 \$	31 December 2010 \$
Other income	2(a)	34,075	127
Employee benefits expense		(66,628)	(39,827)
Depreciation and amortisation expense		(1,110)	(2,060)
Corporate administrative expenses	2(b)	(837,135)	(240,490)
<b>(Loss) before income tax expense</b>		<b>(870,798)</b>	<b>(282,250)</b>
Income tax expense		-	-
<b>(Loss) for the period</b>		<b>(870,798)</b>	<b>(282,250)</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of financial assets		-	5,081
Other comprehensive income for the period, net of tax		-	<b>5,081</b>
<b>Total Comprehensive Income for the period</b>		<b>(870,798)</b>	<b>(277,169)</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		<b>(2.15)</b>	<b>(3.45)</b>

Notes to the financial statements are included on pages 10 to 15.

**Statement of Financial Position  
 as at 31 December 2011**

	Notes	31 December 2011 \$	30 June 2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,330,375	1,858,134
Trade and other receivables		27,660	89,925
Other financial assets		19,304	19,304
Other assets		206,667	516,667
<b>TOTAL CURRENT ASSETS</b>		<b>1,584,006</b>	<b>2,484,030</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment		134,774	135,884
Other non-current assets		1,070,468	998,166
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,205,242</b>	<b>1,134,050</b>
<b>TOTAL ASSETS</b>		<b>2,789,248</b>	<b>3,618,080</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		85,684	96,427
Other financial liabilities		345,000	301,875
Provision		20,545	10,961
<b>TOTAL CURRENT LAIBILITIES</b>		<b>451,229</b>	<b>409,263</b>
<b>TOTAL LIABILITIES</b>		<b>451,229</b>	<b>409,263</b>
<b>NET ASSETS</b>		<b>2,338,019</b>	<b>3,208,817</b>
<b>EQUITY</b>			
Issued Capital		4,879,855	4,879,855
Reserves		77,609	77,609
Accumulated Losses		(2,619,445)	(1,748,647)
<b>TOTAL EQUITY</b>		<b>2,338,019</b>	<b>3,208,817</b>

Notes to the financial statements are included on pages 10 to 15.

**Statement of Changes in Equity  
 for the half year ended 31 December 2011**

	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2010</b>	<b>1,226,036</b>	<b>6,900</b>	<b>(734,926)</b>	<b>498,010</b>
Share issued during the period - Placement	221,000	-	-	221,000
Equity Component of Convertible Notes issued	86,250	-	-	86,250
Cost of shares issued	(57,643)	-	-	(57,643)
Loss for the period	-	-	(277,169)	(277,169)
<b>Balance at 31 December 2010</b>	<b>1,475,643</b>	<b>6,900</b>	<b>(1,012,095)</b>	<b>470,448</b>
<b>Balance at 1 July 2011</b>	<b>4,879,855</b>	<b>77,609</b>	<b>(1,748,647)</b>	<b>3,208,817</b>
Loss for the period	-	-	(870,798)	(870,798)
<b>Balance at 31 December 2011</b>	<b>4,879,855</b>	<b>77,609</b>	<b>(2,619,445)</b>	<b>2,338,019</b>

Notes to the financial statements are included on pages 10 to 15.



**Statement of Cash Flows**  
**for the half year ended 31 December 2011**

	Notes	31 December 2011 \$	31 December 2010 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(472,140)	(265,732)
Interest received		34,075	127
Interest paid		(17,392)	-
<b>Net cash (inflow) from operating activities</b>		<b>(455,457)</b>	<b>(265,605)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(200,856)
Payment for exploration assets		(72,302)	-
<b>Net cash (outflow) from investing activities</b>		<b>(72,302)</b>	<b>(200,856)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		-	249,607
Proceeds from borrowings		-	288,750
Repayment from related party loans		-	26,107
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>564,464</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(527,759)</b>	<b>98,003</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>1,858,134</b>	<b>35,169</b>
<b>Cash at the end of the period</b>		<b>1,330,375</b>	<b>133,172</b>

Notes to the financial statements are included on pages 10 to 15.

## **Notes to the Financial Statements for the half year ended 31 December 2011**

### **1. Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Meridien Resources Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011, together with any public announcements made during the half-year.

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.

### **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 \$870,798 and had net cash outflows from operating activities of \$455,457 for the period year ended 31 December 2011.

The Directors believe that it is reasonably foreseeable that the company 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, pursuant to the Corporations Act 2001;
- The entity has a cash balance of \$1,330,375, working capital of \$1,132,777 and net assets of \$2,338,019 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 2011**

	31 December 2011 \$	31 December 2010 \$
<b>Note 2: Revenue and Expenses</b>		
<b>Significant Revenue and Expenses</b>		
<b>(a) Revenue</b>		
Interest income	34,075	127
	<b>34,075</b>	<b>127</b>
<b>(b) Expenses</b>		
Accounting and audit fees	33,942	46,591
Advisory fees	511,343	73,298
Directors' remuneration	119,408	37,500
Corporate expenses	31,963	17,372
Corporate secretarial	21,250	36,556
Interest paid	60,517	115
Rent expense	26,489	13,340
Travel and accommodation	19,466	3,947
Other expenses	12,757	11,771
	<b>837,135</b>	<b>240,490</b>

**Note 3: Dividends**

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

**Note 4: Operating Segment**

The company operates in two business segments in Australia: 1) investment in Australian Listed and unlisted companies; 2) exploration and mining, mainly in Exploration Licence (EL) 6810 which covers the Lucky Draw gold tailings dam at Burruga New South Wales.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the Company is managed and provides a meaningful insight into the business activities of the Company.

The following tables present details of revenue and operating profit by business segment. The Information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of our operating segments separately.

**Notes to the Financial Statements  
 for the half year ended 31 December 2011**

**(i) Segment performance**

<b>Six months ended 31.12.2011</b>	<b>Investment</b>	<b>Exploration</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Unallocated items:			
Other	-	-	34,075
<i>Reconciliation of segment result to group net (loss) before tax</i>			
Unallocated items:			
Other			(904,873)
<b>Net profit before tax from continuing operations</b>			<b>(870,798)</b>
			<hr/>
<b>Six months ended 31.12.2010</b>	<b>Investment</b>	<b>Exploration</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revaluation of financial assets	5,081	-	5,081
Interest revenue	-	-	127
<i>Reconciliation of segment result to group net (loss) before tax</i>			
Unallocated items:			
Other			(282,377)
<b>Net profit before tax from continuing operations</b>			<b>(277,169)</b>
			<hr/>

## Notes to the Financial Statements for the half year ended 31 December 2011

### Note 4: Operating Segment (continued)

#### (ii) Segment assets

31 December 2011

	Investment	Exploration	Total
	\$	\$	\$
<b>Segment Assets</b>	19,304	998,166	1,017,470
Segment asset increases for the period	-	72,302	72,302
	19,304	1,070,468	1,089,772
Unallocated assets:			
Other			1,699,476
<b>Total assets</b>			<b>2,789,248</b>

31 December 2010

	Investment	Exploration	Total
	\$	\$	\$
<b>Segment Assets</b>	37,134	527,307	564,441
Segment asset increases for the period	5,081	76,160	81,241
	42,215	603,467	645,682
Unallocated assets:			
Other			310,711
<b>Total assets</b>			<b>956,393</b>

### Note 5: Contingent Liabilities

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

### Note 6: Event Subsequent to Reporting Date

#### Stonewall Mining Acquisition

On 23 January 2012, the Company announced the execution of a conditional agreement to acquire Stonewall Mining Pty Ltd ("Stonewall") which holds an effective 74% interest in a gold resource of 0.7 Million Ounces measured and indicated, and 1.85 Million Ounces inferred.

The Acquisition is subject to various conditions, including receipt of all necessary regulatory and shareholder approvals in connection with this transaction.

On 13 January 2012, the Company entered into the Heads of Agreement (HOA) pursuant to which the Company agreed to acquire 100% of the issued share capital of Stonewall. It is intended that a formal share sale agreement will be executed. Pursuant to the HOA, the Company will initially acquire approximately 80% of Stonewall (due to South African exchange control legislation), with the balance of the shares (20%) to be the subject of a separate put and call option arrangement.

If the Acquisition proceeds, it will constitute a significant change in the nature and scale of the Company's activities of the nature contemplated by Chapter 11 of the ASX Listing Rules.

## Notes to the Financial Statements for the half year ended 31 December 2011

As indicated above, to proceed with the Acquisition:

- (a) various aspects of the transaction will need to be approved by Shareholders; and
- (b) the Company will be required to re-comply with the requirements of Chapter 1 and 2 of the Listing Rules need to be complied with (including preparing a full form prospectus and, if necessary, undertaking a consolidation).

The Company intends to convene an EGM to approve the necessary aspects of the transaction.

### Repayment of Convertible Notes and Issue of Noteholder Bonus Shares

On 27 January 2012, the Company announced that pursuant to the Conditions of Issue of Convertible Notes, the Company repaid in cash the Convertible Notes on issue. The total repayment amount was \$345,000 which was paid on 25 January 2012.

On 6 March 2012, the Company announced that pursuant to the Conditions of the Issue of Convertible Notes that a total of 574,998 ordinary shares were issued to the note holders on a 1 bonus share for every 3 notes held basis.

### Note 7: Capital and Leasing Commitments

#### a) Exploration and Evaluation Commitments

In order to maintain current rights of tenure to its exploration permits, the Company has certain obligations to perform work in accordance with the work programmes, as approved by the relevant statutory body, when the permits are granted. These work programmes form the exploration commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of exploration area and/or relinquishment of non-prospective permits. Work in excess of the work programmes may also be undertaken.

The following discretionary exploration expenditure requirements have not been provided for in the accounts:

	<b>31 December 2011</b>	<b>30 June 2011</b>
	\$	\$
Payable		
- Not later than 1 year	305,000	234,000
- Later than 1 year but not later than 5 years	260,000	234,000
<b>Sum Total</b>	<b>565,000</b>	<b>468,000</b>

## **Notes to the Financial Statements for the half year ended 31 December 2011**

The commitments at the balance date are outlined as followed:

Permit EL6810: The key terms and conditions to maintain the permit is that the Company has a minimum annual expenditure requirement for the EL of \$5,000. The application for renewal for a further term of 2 years has been lodged with the Department of Primary Industries. The annual commitment will be \$10,000 per annum on the basis that the renewal application is approved.

Permit EL5991: The Company exercised its Option to purchase 80% of the EL on 31 March 2011 with a payment of \$100,000 cash and \$200,000 in the value of ordinary shares in Meridien Resources Limited. The key terms and conditions to maintain the permit is that the Company has a minimum annual expenditure requirement for the EL of \$54,000. The application for renewal for a further term of 2 years has been lodged with the Department of Primary Industries. The annual commitment will be \$175,000 per annum on the basis that the renewal application is approved.

Permit EL6309: The Company exercised its Option to purchase 80% of the EL on 31 March 2011 with a payment of \$10,000 cash and \$30,000 in the value of ordinary shares in Meridien Resources Limited. The key terms and conditions to maintain the permit is that the Company has a minimum annual expenditure requirement for the EL of \$45,000. An application for transfer (from Augur Resources Limited) has been lodged with the Department of Primary Industries. The permit is due for renewal in September 2012.

Jaguar Minerals is the registered holder of EL 5242. On 3 June 2010, the Company entered into a farm in agreement with Jaguar Minerals in relation to EL 5242 (Mt David Farm in Agreement).

A key term and condition to maintain the permit is that the Company has a minimum annual expenditure requirement for the EL of \$75,000. The application for renewal for a further term of 2 years has been lodged with the Department of Primary Industries. The annual commitment remains \$75,000 per annum.

## Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 15, are in accordance with the Corporations Act 2011 and:
  - b. comply with Accounting Standard AASB 134; Interim Financial Reporting and
  - c. give a true and fair view of the financial position as at 31 December 2011 and of the performance for the year ended on that date of the company;
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.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Nathan Taylor', is positioned above the printed name and title.

**Nathan Taylor**  
**Director**

15 March 2012



**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**MERIDIEN RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Meridien Resources Limited which comprises the statement of financial position as at 31 December 2011, 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 summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the disclosing entity 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 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 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 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 Meridien 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.

*Independence*

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 Meridien 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 Meridien 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 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*.



**RSM BIRD CAMERON PARTNERS**

Chartered Accountants



**C J HUME**

Partner

Sydney, NSW

Dated: 15<sup>th</sup> March 2012