

COUNTY COAL LIMITED

ABN 40 149 136 783

AND CONTROLLED ENTITIES**Appendix 4D and Half-Year Financial Report****31 December 2011**

This half-year report is for the six months ended 31 December 2011. The previous corresponding period is the half-year ended 31 December 2010 but as the Company was incorporated on 3rd February 2011, there are no prior year figures.

The information in this report should be read in conjunction with the most recent annual financial report.

Results for announcement to the market

\$ \$

Revenues from ordinary activities		to	-
Loss from ordinary activities after tax attributable to members		to	373,513
Loss for the period attributable to members		to	373,513
Dividends	Amount per security	Franked amount per security	
Final dividend	- ¢	- ¢	
Interim dividend	- ¢	- ¢	
Record date for determining entitlements to the dividend	Not applicable		
Brief explanation of any of the figures reported above:			
Refer to comments in the attached Directors' Report.			
NTA Backing	31 December 2011	30 June 2011	
Net tangible asset backing per share	16.54c	1.94c	

County Coal Limited

(ABN 40 149 136 783)

Half Year Report

31 December 2011

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Company Directory

Directors

Robert Cameron

David Miller

Marcus Boland

Company Secretary

Terry Flitcroft

Principal and Registered Office

Level 2 Kyle House

27 Macquarie Place

Sydney NSW 2000

Telephone: (02) 9251 3311

Facsimile: (02) 9521 6550

Auditors

Stirling International

Share Registrar

Boardroom Pty Limited

Level 7, 207 Kent Street

Sydney NSW 2000

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664

Stock Exchange Listing

Ordinary Shares: CCJ

Bankers

Westpac Banking Corporation

Website

www.countycoal.com

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Contents	Page
Directors' Report	1
Consolidated Income Statement	3
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Financial Statements	8
Director's Declaration	11
Independent Auditor's Review Report	12
Auditor's Independence Declaration	14

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert Cameron	Non executive Chairman
David Miller	Non executive Director
Marcus Boland	Executive Director

Review of Operations

County Coal is a coal exploration and development company engaged in the acquisition and development of thermal coal resources and projects in the USA. In particular County Coal invests in thermal coal resources and projects, with export potential in proven quality coal producing regions. County Coal looks for strategically located resources, which are close to necessary infrastructure, with good logistics to maximise project end-values and profitability. County Coal is seeking to establish early revenue streams and has additional projects under consideration.

During the half year significant progress was made in increasing and upgrading the Company's coal resource base.

In August and September 2011 the Company carried out exploratory drilling and core sampling on its two projects at Shell Creek and Miller in Johnson County and Campbell County in the Powder River Basin in the USA.

On 15th November 2011 the Company successfully completed the Company's listing on the ASX.

In December 2011 options over the additional property in the Miller Project Area and over additional acreage (including coal rights) at Shell Creek, adjacent to the Shell Creek Project Area were exercised.

In December an extensive geological data package over the Shell Creek Project Area was acquired so as to fast track its resource upgrade program. Geological modelling of the resource included new data relating to 18 previously drilled holes over the Shell Creek Project area by Texaco, data from 6 holes already drilled over the project area by the Company, further holes previously drilled by Texaco and others in the area immediately surrounding the project area, as well as density calculations and modelling of all drill holes at the Shell Creek Project area and area immediately surrounding the project area.

As announced earlier this month as a result of the resource upgrade program the Company's JORC Measured Coal Resource has increased by 69% from 310Mt to 526Mt and the Total JORC Coal Resources increased by 39Mt to 681Mt. This upgrade was based on data analysis and resource modelling undertaken by Aqua Terra Geological Consultants ("ATC") in accordance with the JORC Code (2004).

The Company has commenced discussions with a number of ports and infrastructure providers in North America to enable supply to the Asian markets.

Future

The Company has an exciting period ahead with a substantial amount of activity scheduled with the Stage 2 drilling program for the Shell Creek Project commencing in the near future. The new drill holes and geophysical data will be incorporated into the drilling program at Shell Creek, with the intention to further upgrade the resource.

Following completion of the Company's Stage 2 drilling program, washability studies will be conducted on the resource at Shell Creek to enable the Company to commence work on the necessary mine plan for the project later this year.

County Coal intends to expand its management team and continues to assess and evaluate new project opportunities. It intends, subject to favourable commercial and technical evaluation, to participate in new projects as appropriate.

DIRECTORS' REPORT

Current Resources

A summary of County Coal's current resources is contained in the following table.

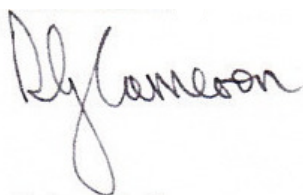
Prospect	JORC Inferred Coal Resource	JORC Indicated Coal Resource	JORC Measured Coal Resource	Total JORC Coal Resource
Shell Creek Coal Project	74 million tonnes	81 million tonnes	216 million tonnes	371 million tonnes
Miller Coal Project	-	-	310 million tonnes	310 million tonnes
Total JORC Coal Resource	74 million tonnes	81 million tonnes	526 million tonnes	681 million tonnes

Note: Based on Independent Geologist's Report, Aqua Terra Consultants Inc., February 2012. The information in this report that relates to Geology, Exploration results and Mineral resources is based on information compiled by Steven J Stresky who is a member of the American Institute of Professional Geologists, and a full time employee of Aqua Terra Consultants Inc. (who are consultants to the Company). Mr Stresky has sufficient experience which is relevant to the style of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Stresky consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31st December 2011 is set out on page 14 of these half yearly accounts.

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



Robert Cameron

Chairman

Dated this 29th February 2012

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 \$
Interest revenue	2	79,159
Administration and corporate expenses		(392,573)
Interest Paid		(60,099)
Loss before income tax expense		(373,513)
Income tax expense		-
Loss for the period		(373,513)
Basic earnings per share (cents per share)		(0.57)
Diluted earnings per share (cents per share)		(0.54)

The accompanying notes form part of these financial statements

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

	31.12.11
	\$
Loss for the period	(373,513)
Other comprehensive income:	
Foreign exchange translation difference for foreign operations	88,188
Other comprehensive income for the period	<u>88,188</u>
Total comprehensive loss attributable to members of the parent entity	<u>(285,325)</u>

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

	Notes	31 December 2011	30 June 2011
Assets		\$	\$
Current Assets			
Cash and cash equivalents		8,175,795	620,078
Trade and other receivables		179,338	-
Total Current Assets		8,355,133	620,078
Non-Current Assets			
Coal rights, freehold property and capitalised exploration and evaluation expenditure	5	7,344,987	529,979
Property, plant and equipment		2,820	3,225
Total Non-Current Assets		7,347,807	553,204
Total Assets		15,702,940	1,153,282
Liabilities			
Current Liabilities			
Trade and other payables		125,780	120,506
Total Current Liabilities		125,780	120,506
Total Liabilities		125,780	120,506
Net Assets		15,577,160	1,032,776
Equity			
Issued Capital	3	16,054,410	1,224,701
Reserves	4	77,271	(10,917)
Accumulated losses		(554,521)	(181,008)
Total Equity		15,577,160	1,032,776

The accompanying notes form part of these financial statements

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

	Foreign Currency Translation Reserve	Issued Capital	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2011	(10,917)	1,224,701	(181,008)	1,032,776
Loss attributable to members	-	-	(373,513)	(373,513)
Shares issued during the period (net proceeds)	-	14,829,709	-	14,829,709
Total other comprehensive income	88,188	-	-	88,188
Balance at 31 December 2011	77,271	16,054,410	(554,521)	15,577,160

The accompanying notes form part of these financial statements

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

	2011 \$
Cash flows from operating activities	
Receipts from customers	-
Payments to suppliers and employees	(494,104)
Interest received	35,121
Net cash used in operating activities	<u>(458,983)</u>
Cash flows from investing/financing activities	
Proceeds issue of shares (net)	14,517,209
Acquisition of coal rights, freehold property and exploration and evaluation expenditure	<u>(6,502,508)</u>
Net cash provided by investing/financing activities	<u>8,014,701</u>
Net increase/(decrease) in cash and cash equivalents held	7,555,718
Cash and cash equivalents at beginning of period	<u>620,078</u>
Cash and cash equivalents at end of reporting period	<u><u>8,175,795</u></u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 County Coal Ltd and its controlled entities (the Consolidated Entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Consolidated Entity 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.

Comparative Figures

The Company was incorporated on 3 February 2011 and therefore there are no comparative figures for the prior period.

Segment Reporting

An operating segment is a component of The Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of The Consolidated Entity's other components if separately reported and monitored. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Consolidated Entity operates only in one segment and accordingly no segment information is disclosed.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

**31 December
2011
\$**

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Interest revenue – deposits	79,159
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	31 December 2011 \$	30 June 2011 \$
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NOTE 3: ISSUED CAPITAL

(a) Ordinary shares

Issued and fully paid	94,175,004	53,170,004
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A total of 41,005,000 shares were issued during the half year. In December 2011 500,000 shares were issued to Miller and Associates LLC, a company associated with Mr David Miller, at 62.5 cents per share being partial consideration for property agreement. In September 2011 3,005,000 shares were issued for cash. In November 2011 37.5 million shares were issued at 40 cents per share pursuant to the prospectus and the Company's listing on the ASX.

(b) Options

No options were issued during the half year. At 31st December 2011 a total of 7,200,000 options were on issue with an exercise price of 40 cents per share until 31 March 2015.

	31 December 2011	30 June 2011
	\$	\$

NOTE 4: RESERVES

Foreign currency translation reserve	77,271	(10,917)
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NOTE 5: COAL RIGHTS, FREEHOLD PROPERTY AND CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

Coal rights, freehold property and capitalised exploration and evaluation expenditure	7,344,987	529,979
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NOTE 6: CONTINGENT LIABILITIES AND COMMITMENTS

The Consolidated Entity is not aware of any contingent liabilities, which existed as at the end of the financial period or have arisen as at the date of this report other than as detailed below.

Pursuant to the property purchase agreement in relation to the properties/leasehold coal rights acquired from Miller and Associates LLC, located in Campbell County, Wyoming, certain royalties are payable to Miller and Associates LLC as disclosed in the Prospectus dated 18th October 2011. No royalties are payable at the date of these accounts and annual lease payments have been accrued for in the accounts.

Pursuant to property purchase agreements in relation to the Shell Creek Coal Project located in Johnson County, Wyoming, certain royalties are payable to third parties as disclosed in the Prospectus 18th October 2011. No royalties are payable at the date of these accounts.

Prior to the date of these accounts an option to purchase a property located in Johnson County, Wyoming the Company was exercised. A commitment for USD 850,000 is reflected in the exploration commitments below.

Lease Commitments

Lease Commitments contracted for
but not capitalised in the financial statements

Payable:	31 December 2011	30 June 2011
	\$	\$
-not later than 1 year	94,822	36,000
-later than 1 year but not later than 5 years	266,469	108,000
-later than 5 years	58,823	-
	420,114	144,000

Exploration Commitments

Exploration commitments contracted for
but not capitalised in the financial statements

Payable:		
-not later than 1 year	832,028	4,659,832
-later than 1 year but not later than 5 years	-	-
-later than 5 years	-	-
	832,028	4,659,832

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the half year, the directors are not aware of any matter that has significantly affected or may significantly affect the operations of the Company in subsequent financial periods.

NOTE 8: DIVIDENDS

No dividends were paid during or subsequent to the half year ended 31st December 2011.

NOTE 9: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURINGS

No subsidiaries were acquired or disposed of during the half year ended 31st December 2011.

NOTE 10: DISCONTINUING OPERATIONS

No operations were discontinued during the half-year ended 31st December 2011.

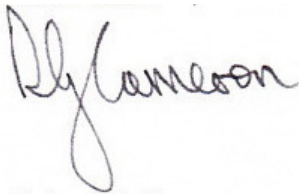
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COUNTY COAL LIMITED
ACN 003255221
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on 3 to 10:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give 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 then ended.
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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Robert Cameron
Chairman

Dated this 29th February 2012



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF COUNTY COAL LIMITED**

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

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 County Coal 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 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*, provided to the Directors of County Coal Limited would be in the same terms if provided to the Directors as at the date 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 County Coal Limited 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 of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Stirling International
Chartered Accountants



Peter Turner

Partner

29th February 2012

283-285 Clarence St Sydney 2000

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**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COUNTY COAL LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Stirling International
Chartered Accountants



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Peter Turner

Partner

29th February 2012

283-285 Clarence St Sydney 2000

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