

COUNTY COAL LIMITED

ABN 40 149 136 783

AND CONTROLLED ENTITIES**Appendix 4D and Half-Year Financial Report****31 December 2012**

This half-year report is for the six months ended 31 December 2012. The previous corresponding period is the half-year ended 31 December 2011.

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	Increased 37.9%	30,060	to	109,219
Loss from ordinary activities after tax attributable to members	Increased 224.73%	839,394	to	1,212,907
Loss for the period attributable to members	Increased 224.73%	839,394	to	1,212,907
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 2012		30 June 2012
Net tangible asset backing per share		14.57c		15.91c

County Coal Limited

(ABN 40 149 136 783)

Half Year Report

31 December 2012

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Company Directory

Directors

Robert Cameron AO

Rodney Ruston

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

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Stock Exchange Listing

Ordinary Shares: CCJ

Bankers

Westpac Banking Corporation

Website

www.countycoal.com

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012. 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 AO - Chairman

Rodney Ruston - Managing Director (appointed 21st February 2013)

David Miller

Marcus Boland

HIGHLIGHTS

- Completed the drilling at Shell Creek which has resulted in an increased Total JORC Coal Resource for County Coal of 7% to 730MT.
- Continued discussions with coal terminals and infrastructure providers in North America.
- In July 2012, acquired an option over adjacent property at Shell Creek, increasing the Company's Shell Creek Project Area by 1,420 acres (575 hectares) to 2,339 acres (955 hectares), which represents an additional exploration target of 300-500Mt.

REPORT ON OPERATIONS

The Shell Creek stage of the exploration program was completed. The Company's Stage 2 drilling program at Shell Creek in the Powder River Basin (PRB) included 10 drill holes, some of which were drilled to identify the Project's full range of seams to provide resource definition and washability sampling. The remaining holes were shallower having been drilled to identify the extent of the high potential open cut reserves.

The program yielded more than 700 million tonnes of resources, a substantial proportion of which is contained in a single seam averaging 50 metres thick and ranging in depth from 26 metres at the shallowest to more than 160 metres. This indicates a seam that would be amenable to open cut mining methods.

Exploration has not yet been commenced on the recently acquired option area, Shell Creek North, which was acquired in July 2012. Given the quantity of high potential open cut coal already identified, County Coal's management decided to delay further resource development in favour of focusing on securing the supply chain required for the profitable sale of coal to Asia via the west coast of North America. This effort has not just been directed towards the logistics of efficient transportation of County Coal's future PRB output but has included work to secure sufficient capacity to service all the proposed business activities planned by County Coal, including coal trading.

With one of the Company's key assets being management's extensive business network in the Asian coal user market, the Company plans to maximize its coal sales portfolio by selling coal as both an owner/operator of coal mines and as a vendor of coal from third party mines. The Company executives continue to meet with rail and port infrastructure providers, with respect to both short and longer term transportation of coal.

Given the possibility of County Coal transporting coal through British Columbia, the Company continues to make a conscious effort to engage with Canadian public authorities to outline the Company's business proposal and explain in some detail the railing options available. This early engagement with public authorities has been well received.

DIRECTORS' REPORT

FINANCE

In the near future expenditure will be generally related to further work on securing port access.

At 31st December 2012 cash of \$4.6 million was on hand. County Coal considers it has sufficient funds to continue its business activities preparing the groundwork required to establish a coal export business in North America.

OUTLOOK

As announced in the December 2012 Quarterly Activities Report, a key initiative taken after the close of the half year was the engagement of a Manager for the North American business, located in Vancouver. This appointment adds to County Coal's credentials as a company focused on building a new North American business.

The next half year will see further discussions taking place with rail and port providers along the North American west coast. Discussions with these entities are already well progressed and County Coal remains confident that the necessary infrastructure can be secured.

COAL TERMINAL AND INFRASTRUCTURE DISCUSSION

The Company continued discussions with ports and infrastructure providers in North America with the view to developing a viable strategy for export coal supply to the Asian markets. As mentioned in previous Quarterly releases, County Coal's mine development is only in the early stage and as a result, the Company is not required to secure capacity immediately in order to sell existing production. During the half year ongoing visits to the various loader sites and further discussions with rail infrastructure executives continue to give us confidence that a number of potentially viable alternatives can be progressed.

COAL EXPORTS

County Coal's management continued discussions with several potential suppliers for possible coal trading. Samples analysis has been completed and the coal properties determined for some of the mines and we will continue assessing the marketing opportunities for the products these mines can supply. The development of sales from this source will be targeted primarily at Asia with Europe being considered on an opportunistic basis.

DIRECTORS' REPORT**COAL RESOURCE SUMMARY**

A summary of County Coal's current Coal 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 Project	59 Mt	17 Mt	344 Mt	420 Mt
Miller Project	-	-	310 Mt	310 Mt
Total JORC Coal Resource	59 Mt	17 Mt	654 Mt	730 Mt

Exploration Targets *:

Prospect				Total Non-JORC Exploration Target*
Shell Creek North Project (new option area)	-	-	-	300 to 500 Mt
Miller Project	-	-	-	-
Total Non- JORC Exploration Target	-	-	-	300 to 500 Mt

* Subject to a new drilling program

Notes on table

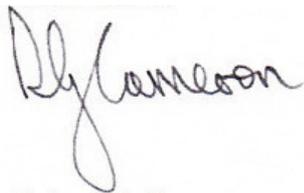
(a) The information leading to the Total JORC Coal Resource in the top table is based on Independent Geologist's Report, Aqua Terra Consultants Inc., October 2012. The information in this table that relates to Geology, Exploration results and Mineral resources is based on information compiled by Steven J Stresky, who is a member of the American Institute of Professional Geologists, and a full time employee of Aqua Terra Consultants Inc. (the geology consultants to County Coal). 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.

(b) The section of the table below Total JORC Coal Resource that refers to the coal potentially contained in the new option area is an estimate based on the extrapolation of coal data of the Company's current identified 420Mt of JORC resources at the adjacent Shell Creek area over 919 acres (375 hectares). The potential size of the target is conceptual in nature, and has not been drilled or measured to any required standard or yet had sufficient exploration to define a mineral resource, and at this time it is uncertain that exploration will result in the determination of a mineral resource.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31st December 2012 is set out on page 16 of these half yearly accounts.

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



Robert Cameron

Chairman

Dated this 27th February 2013

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**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 \$	2011 \$
Interest revenue	2	109,219	79,159
Administration and corporate expenses		(1,322,111)	(392,573)
Interest Paid		(15)	(60,099)
Loss before income tax expense		(1,212,907)	(373,513)
Income tax expense		-	-
Loss for the period		(1,212,907)	(373,513)
Basic earnings per share (cents per share)		(1.29)	(0.57)
Diluted earnings per share (cents per share)		(1.29)	(0.54)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	31.12.12	31.12.11
	\$	\$
Loss for the period	(1,212,907)	(373,513)
Other comprehensive income:		
Items may be reclassified subsequently to profit or loss		
Foreign exchange translation difference for foreign operations	(131,923)	88,188
Other comprehensive income for the period	<u>(131,923)</u>	<u>88,188</u>
Total comprehensive loss attributable to members of the parent entity	<u>(1,344,830)</u>	<u>(285,325)</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	31 December 2012	30 June 2012
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		4,844,563	6,514,022
Trade and other receivables		82,693	58,182
Total Current Assets		4,927,256	6,572,204
Non-Current Assets			
Exploration expenditure capitalised	5	9,326,562	8,444,206
Property, plant and equipment		4,215	4,215
Total Non-Current Assets		9,330,777	8,448,421
Total Assets		14,258,033	15,020,625
Liabilities			
Current Liabilities			
Trade and other payables		347,558	37,739
Total Current Liabilities		347,558	37,739
Non-Current Liabilities			
Other payables		192,419	-
Total Non-Current Liabilities		192,419	-
Total Liabilities		539,977	37,739
Net Assets		13,718,056	14,982,886
Equity			
Issued Capital	3	16,054,410	16,054,410
Reserves	4	10,326	62,249
Accumulated losses		(2,346,680)	(1,133,773)
Total Equity		13,718,056	14,982,886

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Foreign Currency Translation Reserve	Issued Capital	Share Option Reserve	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
Balance at 1 July 2012	62,249	16,054,410	-	(1,133,773)	14,982,886
Loss attributable to members	-	-	-	(1,212,907)	(1,212,907)
Employee share option expense recognised during the period	-	-	80,000	-	80,000
Total other comprehensive income	(131,923)	-	-	-	(131,923)
Balance at 31 December 2012	(69,674)	16,054,410	80,000	(2,346,680)	13,718,056

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	2012 \$	2011 \$
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	(1,154,902)	(494,104)
Interest received	105,932	35,121
Net cash used in operating activities	<u>(1,048,970)</u>	<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	(620,489)	(6,502,508)
Net cash used in/provided by investing/financing activities	<u>(620,489)</u>	<u>8,014,701</u>
Net increase/(decrease) in cash and cash equivalents held	(1,669,459)	7,555,718
Cash and cash equivalents at beginning of period	6,514,022	620,078
Cash and cash equivalents at end of reporting period	<u>4,844,563</u>	<u>8,175,795</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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.

Share based payments

The Company has granted options to certain employees. The fair value of options and shares granted is recognised as a share and option expense with a corresponding increase in equity. The fair value is measured at the date the options or shares are granted taking into account market based criteria and expensed over the vesting period after which the employees become unconditionally entitled to the options and shares. The fair value of the options granted is measured using the Black-Scholes method, taking into account the terms and conditions attached to the options. The fair value of the performance shares granted is measured using the weighted average share price of ordinary shares in the Company, taking into account the terms and conditions attached to the shares. The amount recognised as an expense is adjusted to reflect the actual number of options and shares that vest except where forfeiture is due to market related conditions.

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Consolidated Entity applied amendments to AASB 134 Interim Financial Reporting outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Consolidated Entity to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

31 December	31 December
2012	2011
\$	\$

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

Interest revenue – deposits	109,219	79,159
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NOTE 3: ISSUED CAPITAL	31 December 2012 #	30 June 2012 #
(a) Ordinary shares		
Issued and fully paid	94,175,004	94,175,004

No new shares were issued during the half year (2011: 41,005,000).

(b) Options

3,000,000 options were issued during the half year to 31st December 2012. At 31st December 2012 a total of 10,200,000 options were on issue 7,200,000 with an exercise price of 40 cents per share until 31 March 2015 and 3,000,000 with an exercise price of 40 cents per share until 30 June 2017.

NOTE 4: RESERVES	\$	\$
Foreign currency translation reserve	(69,674)	62,249
Share option reserve	80,000	-
	10,326	62,249

NOTE 5: EXPLORATION EXPENDITURE CAPITALISED

Coal rights, freehold property and capitalised exploration and evaluation expenditure	9,326,562	8,444,206
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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 agreements in relation to the properties/leasehold coal rights acquired, certain royalties are payable to vendors of the various properties. No royalties are payable at the date of these accounts.

Pursuant to a property purchase agreement in relation to the Shell Creek Coal Project located in Johnson County, Wyoming, in addition to certain royalties payable in the future, an additional amount is payable to the vendors of US\$0.10 per short ton* proved up to JORC Proved Coal Reserve status over 10 years, up to an estimated 220,000,000 short tons. An amount of US\$5million was paid to the vendors during the year ended 30 June 2012 in lieu of the first 50,000,000 short tons to be proven up.

*Note that this agreement uses an imperial unit of measurement known as a "short ton" which is a unit of weight equivalent to 2,000 pounds or 907.18474 kilograms.

Lease Commitments

Lease Commitments contracted for
but not capitalised in the financial statements

Payable:

-not later than 1 year	37,440	37,440
-later than 1 year but not later than 5 years	56,160	74,880
-later than 5 years	-	-
	93,600	112,320

Exploration Commitments

Exploration commitments contracted for
but not capitalised in the financial statements

Payable:

-not later than 1 year	-	-
-later than 1 year but not later than 5 years	-	-
-later than 5 years	-	-
	-	-

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 2012.

NOTE 9: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURINGS

No subsidiaries were acquired or disposed of during the half year ended 31st December 2012.

NOTE 10: DISCONTINUING OPERATIONS

No operations were discontinued during the half-year ended 31st December 2012.

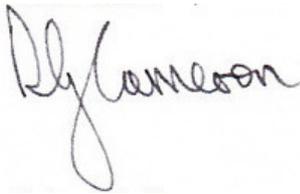
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COUNTY COAL LIMITED
ACN 003255221
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 5 to 12:
 - 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 2012 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 27th February 2013



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 and Controlled Entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

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 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 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 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 County Coal Limited and Controlled Entities, 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*, 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.

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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 2012 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Stirling International
Chartered Accountants



Peter Turner

Partner

27th February 2013

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 2012 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

27th February 2013

283-285 Clarence St Sydney 2000

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