

COUNTY COAL LIMITED

ABN 40 149 136 783

AND CONTROLLED ENTITIES

Appendix 4D and Half-Year Financial Report**31 December 2013**

This half-year report is for the six months ended 31 December 2013. The previous corresponding period is the half-year ended 31 December 2012.

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	Decreased 59.96%	65,488	to	43,731
Loss from ordinary activities after tax attributable to members	Decreased 29.09%	352,801	to	860,106
Loss for the period attributable to members	Decreased 29.09%	352,801	to	860,106
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 2013		30 June 2013
Net tangible asset backing per share		13.61c		14.18c

County Coal Limited

(ABN 40 149 136 783)

Half Year Report

31 December 2013

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Company Directory

Directors

Robert Cameron AO

Rodney Ruston

David Miller

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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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2013. 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

David Miller

Marcus Boland (resigned 14th November 2013)

HIGHLIGHTS

- County Coal has continued to progress the development of two North American bulk export terminals.
- During the half year County Coal focused on securing land access and preparing for the permitting process.
- Negotiations for site access in both Canada and the US are well advanced.
- The terminals could unlock significant value within County's 730Mt (~90% Measured) JORC coal resources.

REPORT ON OPERATIONS

North American Coal Export Terminals

During the half year County Coal placed all its focus on the opportunity to construct and operate two bulk export terminals on the west coast of North America. One location being considered lies in British Columbia, Canada, while the other is situated in the North-West United States. For both sites, preliminary engineering studies have been completed and discussions with key parties, in particular the land holders, are well underway.

United States Export Terminal

Significant progress has been made over the past half year regarding securing land to allow the development of County's U.S. bulk export terminal project to proceed. In conjunction with this, steps have been taken to better understand the pathway to project approval, including the development of a dedicated project team ready to be deployed as required.

The proposed terminal will have a throughput capacity of 10+ mtpa and is located on a brownfields industrial site with the potential to accommodate up to 60,000 dwt Panamax vessels after dredging. Positive engineering and financial studies, supported by the global EPCM provider, WorleyParsons, have given County Coal the confidence to pursue this opportunity.

- Once land access is secured, the next steps include starting work on a full feasibility study, including the development of detailed project schedule and cost forecasts, as well as the implementation of a local and broader level communications strategy.
- Other potential terminal sites currently entering or navigating the permitting process provide valuable insights as to the timelines and requirements involved in this area. County Coal has the advantage of being able to benefit from this information to minimize both the costs and timelines associated with the permitting process.

DIRECTORS' REPORT

REPORT ON OPERATIONS (cont)

Canadian Export Terminal

County Coal's activities during the past half year regarding the Canadian export terminal opportunity have focused on securing the land access required for the project as well as the development of relationships with key parties that will be involved in the process.

The proposed terminal will have a capacity of 20+ mtpa and is located on a greenfields site within an area of lands zoned for industrial activity. This site has the potential to accommodate cape size vessels.

If land access can be secured, it is proposed to submit the substantially completed Project Description document to the Provincial and Federal environmental regulators, beginning the official assessment process.

FINANCE

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

At 31st December 2013 cash of \$2.16 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

County Coal will continue to focus on the port access in the future. Once land access is secured at either of the port opportunities, County Coal will direct its prime focus towards that location. Work will commence on the approval process with most of the initial work being directed towards talking through the proposal with key stakeholders to ensure we are able to address all key concerns and consider all significant suggestions in the design and construction of the project.

COAL EXPORTS

No further work was carried out on County Coal's coal projects in the Powder River Basin (PRB) during the half year. County Coal has previously announced some 730 million tonnes of JORC measured coal resource in its exploration areas in Wyoming's PRB. At this stage, the Company considers it has sufficient information regarding the resource and does not intend to undertake any further significant work on the resource until a viable, cost-efficient export path has been identified and secured.

DIRECTORS' REPORT

COAL RESOURCE SUMMARY

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

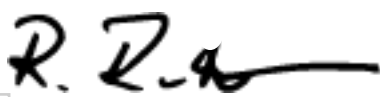
Prospect	JORC Inferred Coal Resource	JORC Indicated Coal Resource	JORC Measured Coal Resource	Total JORC Coal Resource
Shell Creek Coal Project	59 Mt	17 Mt	344 Mt	420 Mt
Miller Coal Project	-	-	310 Mt	310 Mt
Total JORC Coal Resource	59 Mt	17 Mt	654 Mt	730 Mt

Notes: (a) The information in the table "JORC-Compliant Coal Resources" 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.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31st December 2013 is set out on page 15 of these half yearly accounts.

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



Rodney Ruston

Managing Director

Dated this 27th February 2014

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 \$	2012 \$
Interest revenue	2	43,731	109,219
Administration and corporate expenses		(903,833)	(1,322,111)
Interest Paid		(4)	(15)
Loss before income tax expense		(860,106)	(1,212,907)
Income tax expense		-	-
Loss for the period		(860,106)	(1,212,907)
Basic earnings per share (cents per share)		(0.91)	(1.29)
Diluted earnings per share (cents per share)		(0.91)	(1.29)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	\$	\$
Loss for the period	(860,106)	(1,212,907)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation difference for foreign operations	245,106	(131,923)
Other comprehensive income for the period	245,106	(131,923)
Total comprehensive loss attributable to members of the parent entity	(615,000)	(1,344,830)

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Notes	31 December 2013	30 June 2013
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		2,156,598	3,286,810
Trade and other receivables		64,429	57,962
Total Current Assets		2,221,027	3,344,772
Non-Current Assets			
Exploration expenditure capitalised	5	10,867,624	10,609,873
Property, plant and equipment		3,769	3,758
Total Non-Current Assets		10,871,393	10,613,631
Total Assets		13,092,420	13,958,403
Liabilities			
Current Liabilities			
Trade and other payables		271,539	383,627
Total Current Liabilities		271,539	383,627
Non-Current Liabilities			
Other payables		-	218,895
Total Non-Current Liabilities		-	218,895
Total Liabilities		271,539	602,522
Net Assets		12,820,881	13,355,881
Equity			
Issued Capital	3	16,054,410	16,054,410
Reserves	4	1,679,865	1,354,759
Accumulated losses		(4,913,394)	(4,053,288)
Total Equity		12,820,881	13,355,881

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Foreign Currency Translation Reserve	Issued Capital	Share Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
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
Balance at 1 July 2013	1,194,759	16,054,410	160,000	(4,053,288)	13,355,881
Loss attributable to members	-	-	-	(860,106)	(860,106)
Employee share option expense recognised during the period	-	-	80,000	-	80,000
Total other comprehensive income	245,106	-	-	-	245,106
Balance at 31 December 2013	1,439,865	16,054,410	240,000	(4,913,394)	12,820,881

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	2013 \$	2012 \$
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	(583,240)	(1,154,902)
Interest received	59,984	105,932
Net cash used in operating activities	<u>(523,256)</u>	<u>(1,048,970)</u>
Cash flows from investing/financing activities		
Acquisition of coal rights, freehold property and exploration and evaluation expenditure	(606,956)	(620,489)
Net cash used in/provided by investing/financing activities	<u>(606,956)</u>	<u>(620,489)</u>
Net increase/(decrease) in cash and cash equivalents held	(1,130,212)	(1,669,459)
Cash and cash equivalents at beginning of period	3,286,810	6,514,022
Cash and cash equivalents at end of reporting period	<u>2,156,598</u>	<u>4,844,563</u>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013****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 2013 annual financial report for the financial year ended 30 June 2013, 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.

Significant accounting policies

Except as described below, the accounting policies applied by the Consolidated Entity in this Consolidated Interim Financial Report are the same as those applied by the Consolidated Entity in the Consolidated Annual Financial Report as at and for the year ended 30 June 2013. The following changes in accounting policy are expected to be reflected in the Consolidated Entity's consolidated financial statements as at and for the year ended 30 June 2014.

New standards and change in accounting policy

County Coal has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

(a) AASB 10 Consolidated Financial Statements (2011)

In accordance with the transitional provisions of AASB 10 (2011), the Consolidated Entity reassessed the control conclusion for its investees at 1 July 2013 and there have been no changes.

(b) AASB 13 Fair Value Measurement

In accordance with the transitional provisions of AASB 13, the Consolidated Entity has applied the new fair value measurement guidance prospectively, and there have been no changes.

(c) AASB 134 Interim Financial Reporting

The amendment to AASB 134 clarifies that the Consolidated Entity needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. There have been no changes to the disclosures of the Consolidated Entity as a result of the segment disclosure amendment.

(d) AASB 119 Employee Benefits

AASB 119 changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. The adoption of this standard has not had a significant impact on the Consolidated Entity's financial statements.

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	31 December 2013	31 December 2012
	\$	\$

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

Interest revenue – deposits	43,731	109,219
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NOTE 3: ISSUED CAPITAL

	31 December 2013	30 June 2013
	#	#

(a) Ordinary shares

Issued and fully paid	94,175,004	94,175,004
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No new shares were issued during the half year (2012: Nil).

(b) Options

No options were issued during the half year to 31st December 2013 (2012: 3,000,000). At 31st December 2013 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

	\$	\$
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Foreign currency translation reserve	1,439,865	1,194,759
Share option reserve	240,000	160,000
	1,679,865	1,354,759

NOTE 5: EXPLORATION EXPENDITURE CAPITALISED

Coal rights, freehold property and capitalised exploration and evaluation expenditure	10,867,624	10,609,873
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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	19,470	38,940
-later than 1 year but not later than 5 years	-	-
-later than 5 years	-	-
	19,470	38,940

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 2013.

NOTE 9: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURINGS

No subsidiaries were acquired or disposed of during the half year ended 31st December 2013.

NOTE 10: DISCONTINUING OPERATIONS

No operations were discontinued during the half-year ended 31st December 2013.

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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 4 to 11:
 - 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 2013 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.



Rodney Ruston
Managing Director

Dated this 27th February 2014



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 2013, 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 2013 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 2013 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 2014

283-285 Clarence St Sydney 2000

**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 2013 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 2014

283-285 Clarence St Sydney 2000

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