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COUNTY COAL LIMITED
ABN 40 149 136 783
ASX Preliminary final report – 30 June 2013

This yearly report is for the twelve months ended 30 June 2013. The previous corresponding period is the year to 30th June 2012.

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

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COUNTY COAL LIMITED
YEAR ENDED 30 JUNE 2013
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Increase/(Decrease) (dollars)	Increase/(Decrease) (percent)		2013	2012
Revenue from ordinary activities	($61,711)	(24.19%)	to	$193,403	$255,114
Profit/(Loss) from ordinary activities before tax attributable to members	$1,967,023	206%	to	($2,919,788)	($952,765)
Profit/(Loss) from ordinary activities after tax attributable to members	$1,967,023	206%	to	($2,919,788)	($952,765)
Net Profit/(Loss) for the period attributable to members	$1,967,023	206%	to	($2,919,788)	($952,765)

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2013 are as follows:

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

The Board has resolved that no dividend will be paid for the year ended 30 June 2013.

Record date for determining entitlements to the dividend | N/A

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COMMENTARY

County Coal entered the F2013 year having exercised options over additional properties in the Miller Project Area and adjacent to the Shell Creek Project Area, acquired an extensive geological data package over the Shell Creek Project Area and having significantly progressed the Stage 2 drilling program to improve the resource status in the Company's Shell Creek Project.

Early in the 2013 financial year, the Company announced that it had 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.

The result of the aforementioned activities was that in early F2013, County Coal management announced:

a. A JORC resource of 730 million tons of thermal coal contained in its coal assets located in the Powder River Basin in Wyoming, USA.
b. A change in the focus of the business from the resource acquisition and delineation strategy of F2012 to a strategy focusing on the development of sustainable coal transport routes from its Powder River Basin coal resources to markets in Asia.

COAL TRANSPORT PROGRAM

The Company conducted significant research, including having direct discussions, on the availability of capacity with both existing and planned port and infrastructure providers on the west coast of North America and Canada that are within economic transport distance of the Powder River Basin (PRB) coal resources. This research was undertaken with a view to County Coal wanting to ship both its own PRB output and output from non-owned sources, where County Coal considered its marketing expertise could be used to good effect. The outcome of these discussions is that:

a. There is significant capacity for additional coal transport on all rail routes from the PRB to the existing and planned west coast bulk coal loading facilities.
b. Existing coal loading capacity is fully utilized. Although some short-term capacity can be obtained, securing a sustainable long-term outlet for the 20+mtpa planned by County Coal at existing loaders is not possible.
c. Currently planned new bulk loading capacity has generally been pre-sold leaving little capacity for smaller coal companies such as County Coal to be anything but a swing supplier to the larger producers.
d. Securing even a small volume (up to 5 mtpa) in the new expansions generally requires a significant up-front payment and take-or-pay contracts.
e. There is community activism around the potential negative impacts of coal being transported from the PRB for loading off the North American west coast. However, the highest levels of community concern come from those protesting the increased coal train frequency through the urban areas of Seattle (Washington State) and Vancouver (British Columbia).

Given the finding of limited available capacity for County Coal's proposed PRB and traded coal volume, resulting from the research into the coal transport options, County Coal's board adopted a strategy to cease further exploration of its PRB properties and concentrate on the development of a sustainable, competitive coal transport strategy.

The strategy called for the development of a coal transport corridor that would be:

a. Cost competitive
b. Environmentally acceptable
c. Of sufficient capacity to transport County Coal's proposed 20+ million tonnes per annum PRB output PLUS a further 10+ million tonnes per annum of traded coal.
d. Geographically diverse enough to minimise risks related to concentration of supply sources but sufficiently concentrated to gain economies of scale through large volume shipments.

COAL TERMINAL AND INFRASTRUCTURE

The progression of the Coal Transport Strategy has led to County Coal identifying two locations, one in north western USA and the other on the west coast of Canada, where the company believes it can secure approval for the construction and operation of bulk coal terminals. To progress these opportunities, the company needed a presence in the region and in January 2013, County Coal engaged a Manager, North American Business, who is domiciled in Vancouver and whose entire role since his engagement in January 2013 to year end has been focused on securing these opportunities.

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North West USA Bulk Terminal Opportunity

The area identified for this terminal is on a brownfields industrial site in an area where shipping activity is common. Water depth is currently not sufficient for full panamax sized vessels (60,000 DWT) but it believed the channel can be dredged to allow for this capacity. While located at a substantial, previously used industrial site that would have low impact on the region, the proposed terminal will be close enough to established urban areas to ensure a good labour and materials supply from local suppliers.

By F2013 year-end, at the proposed bulk terminal site on the USA west coast, County Coal has:

- Used WorleyParsons, a reputable global Engineering, Procurement and Construction Management (EPCM) firm, to complete a conceptual level engineering and cost study, which indicated that the proposed project is technically feasible and the capital cost estimate of approximately $400 million relating to on-site infrastructure demonstrates the financial viability of the project.
- Undertaken a preliminary rail capacity study that indicated there is capacity to support a 10 to 15 mtpa bulk coal loader.
- Identified the key stakeholders in the region.
- Initiated the process of land securing the required land

County Coal's next steps for this project involve securing land access, commencing engagement with the stakeholders, starting work on a full feasibility study for the project and the development of a complete schedule and cost forecast related to the project and associated permitting activities.

Recent decisions by U.S. federal and local authorities regarding other proposed coal terminals in the northwest have been favourable for the project proponents, improving the overall environment for the development of this type of facility.

Canadian Bulk Terminal Opportunity

The area identified for this terminal is in a region zoned as industrial use land where the addition of a bulk terminal would add diversity to an already significant industrial region. Water depth is sufficient for the largest bulk transport vessels (250,000 DWT). County Coal has outlined its proposal with both the local and provincial governments and other key stakeholders and has received excellent support to continue to pursue the opportunity. Similar to the US based proposal, while located at a substantial industrial site that would have low impact on the region, the proposed terminal will be close enough to established urban areas to ensure a good labour and materials supply from local suppliers.

By F2013 year-end, at the proposed bulk terminal site on the Canadian west coast, County Coal has:

- Completed an initial engineering study, using AECOM engineers, that has provided County with sufficient confidence in the technical and financial viability of the proposed terminal to proceed to the next level of project evaluation;
- Completed face-to-face discussions with a number of the stakeholders; and
- Met with rail operators and determined that rail system capacity is sufficient to service a bulk terminal.

Current investigations are examining the optimum locations for various project components including the rail loop, storage facility and marine berth from a cost, land access and technical perspective. Once these investigations are completed it is proposed to submit the Project Description to the Provincial and Federal environmental regulators and thus begin the official assessment process.

COAL EXPORTS

County Coal's management considers that under the right circumstances of demand and supply where a competitive cost/price relationship can be achieved, using our market expertise to sell coal sourced from other US suppliers would be a viable proposition. Initially, limited availability of US west coast coal loading infrastructure was a barrier to entry for this market, because traditional shippers held options on future capacity. However, County Coal's proposed export terminals will provide an opportunity for the company to sell its own coal through a dual network, minimizing the risk of concentration through a single port, while also providing capacity to sell third party coal.

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OUTLOOK

The Company expects to continue the process of developing the bulk terminals to fulfill its overall strategy of becoming a significant supplier of PRB coal to the Asian thermal coal markets. The extension of that initial strategy into the construction and operation of coal bulk terminals on the North American west coast will allow County Coal to expand its business to trading third party thermal and metallurgical coking coals.

F2014 will see the company concentrating on securing the rights to the land required for its proposed coal loading terminals and enhancing the design and costing for both terminals. The year should see the necessary submissions being made to the government bodies in both locations to initiate the formal approval processes.

No further work is planned on County Coal's coal projects in the Powder River Basin (PRB) in the immediate future. County Coal has previously announced some 730 million tonnes of JORC 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.

INVESTMENT HIGHLIGHTS

- The proposed bulk terminals in Canada and the U.S. provide an export solution for emerging Canadian coal producers as well as low-cost U.S. thermal coal producers.
- The U.S. faces much lower capital and operating costs, especially in comparison to Australia.
- County's proposed export solution could unlock the substantial value held within its 730Mt low-cost thermal coal resources in the PRB in Wyoming, U.S.

The location of the proposed export facilities has not been disclosed to the market due to commercial sensitivities.

ABOUT COUNTY COAL

County Coal (ASX: CCJ) is primarily focused on developing a North American bulk export solution that can be utilised for County's U.S. coal projects, as well as other projects looking to export coal from the U.S. and Canada. County's proposed bulk export terminals in British Columbia, Canada and northwest U.S. are both connected by rail to coal fields in British Columbia, Alberta and the Powder River Basin (PRB) in the U.S. County's thermal coal projects in the PRB host 730 million tonnes (Mt) in JORC-compliant resources.

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's plan to build its own export coal loading terminals will significantly increase the viability of this broad marketing strategy.

ABOUT THE POWDER RIVER BASIN

The PRB covers an area of ~190km east to west and ~320km north to south in northeast Wyoming and southeast Montana. With 12 operating mines, the PRB accounts for ~50% of the US thermal coal supply. The basin is recognised as one of the lowest-cost coal-producing areas in the world, with mining costs ranging from US$5-15/t. PRB thermal coal is usually very low in ash and sulphur and has similar energy content in the ranges found in Indonesian export thermal coal.

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COAL RESOURCE SUMMARY

A summary of County Coal's current Coal Resources are 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.

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PRELIMINARY CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $
Interest revenue	193,403	255,114
Administration and corporate expenses	(3,113,173)	(1,147,507)
Interest Paid	(18)	(60,372)
Loss before income tax expense	**(2,919,788)**	**(952,765)**
Income tax expense	-	-
Loss for the period	**(2,919,788)**	**(952,765)**
Basic earnings per share (cents per share)	**(3.10)**	**(1.19)**
Diluted earnings per share (cents per share)	**(3.10)**	**(1.19)**

The accompanying notes form part of these financial statements

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PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $
Loss	(2,919,788)	(952,765)
Items that may be classified subsequently to the income statement		
Other comprehensive income:		
Foreign exchange translation difference for foreign operations	1,132,808	73,166
Other comprehensive income for the period	1,132,808	**73,166**
Total comprehensive loss attributable to members of the parent entity	**(1,786,980)**	**(879,599)**

The accompanying notes form part of these financial statements

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	2013 $	2012 $
Assets		
Current Assets		
Cash and cash equivalents	3,286,810	6,514,022
Trade and other receivables	57,962	58,182
Total Current Assets	**3,344,772**	**6,572,204**
Non-Current Assets		
Coal rights, freehold property and capitalised exploration and evaluation expenditure	10,609,873	8,444,206
Property, plant and equipment	3,758	4,215
Total Non-Current Assets	**10,613,631**	**8,448,421**
Total Assets	**13,958,403**	**15,020,625**
Liabilities		
Current Liabilities		
Trade and other payables	383,602	37,739
Total Current Liabilities	**383,602**	**37,739**
Non-Current Liabilities		
Trade and other payables	218,895	-
Total Non-Current Liabilities	**218,895**	**-**
Total Liabilities	**602,497**	**37,739**
Net Assets	**13,355,906**	**14,982,886**
Equity		
Issued Capital	16,054,410	16,054,410
Reserves	1,355,057	62,249
Accumulated losses	(4,053,561)	(1,133,773)
Total Equity	**13,355,906**	**14,982,886**

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PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Foreign Currency Translation Reserve	Share Option Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 30 June 2011	**1,224,701**	**(10,917)**	**-**	**(181,008)**	**1,032,776**
Loss attributable to members	-	-	-	(952,765)	(952,765)
Shares issued during the period (net proceeds)	14,829,709	-	-	-	14,829,709
Total other comprehensive income	-	73,166	-	-	73,166
Balance at 30 June 2012	**16,054,410**	**62,249**	**-**	**(1,133,773)**	**14,982,886**
Loss attributable to members	-	-	-	(2,919,788)	(2,919,788)
Share option reserve on recognition of remuneration options	-	-	160,000	-	160,000
Shares issued during the year (net proceeds)	-	-	-	-	-
Total other comprehensive income	-	1,132,808	-	-	1,132,808
Balance at 30 June 2013	**16,054,410**	**1,195,057**	**160,000**	**(4,053,561)**	**13,355,906**

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	(1,265,533)	(1,186,283)
Interest received	204,794	227,476
Interest paid	(18)	(60,732)
Net cash used in operating activities	(1,060,757)	(1,019,539)
Cash flows from investing/financing activities		
Proceeds issue of shares (net)	-	14,517,209
Plant, property and equipment	(788)	
Acquisition of coal rights, freehold property and exploration and evaluation expenditure	(2,165,723)	(7,603,726)
Net cash provided/(used) by investing/financing activities	(2,166,511)	6,913,483
Net increase/(decrease) in cash and cash equivalents held	(3,227,268)	5,893,944
Cash and cash equivalents at beginning of period	6,514,078	620,078
Cash and cash equivalents at end of reporting period	3,286,810	6,514,022

RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2013	2012
Net loss	(2,919,788)	(952,765)
Depreciation	1,245	1,010
Share option expense	160,000	-
Effects of movement in foreign exchange	1,132,808	73,166
Change in assets/liabilities:		
(Increase)/decrease in receivables	220	(58,182)
Increase/(decrease) in payables	564,758	(82,767)
	(1,060,757)	(1,019,539)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

REPORTING ENTITY

County Coal Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity year is involved in coal exploration and development in the USA.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of judgments and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas: Impairment and Financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any recognised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest

Control of the right to receive the interest payment.

c. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

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Foreign Currency (cont.)

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, generally are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions. Foreign currency differences arising from translation of controlled entities with a different functional currency to that of the Consolidated Entity are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount of its FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g. Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

h. Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)). An asset's cost is determined as the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent costs in relation to replacing a part of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. All other costs are recognised in the income statement as incurred.

Leased assets – Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Minimum lease payments include fixed rate increases.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis. Items of property, plant and equipment, including leasehold assets, are depreciated using the straight-line method over their estimated useful lives, taking into account estimated residual values. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation rates and methods, useful lives and residual values are reviewed at each balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial periods only. The estimated useful lives in the current and comparative periods are as follows:

Plant & equipment 3 – 10 years

i. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which such costs are expected to be recouped through successful development and exploitation or from sale of the area; or exploration and evaluation activities in the area have not, at balance date, resulted in booking economically recoverable reserves, and active operations in, or relating to, this area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Amortisation is charged against individual deposits currently based on reserve estimates. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

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j. Restoration

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mines and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the end of the balance sheet date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalized and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

k. Employee Benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to settle within 12 months of the period end represent present obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

l. Receivables

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (g)).

m. Taxation

Income tax expense in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be recognised. Additional income taxes that arise from distribution of dividends are recognised at the same time as liability to pay the related dividend is recognised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be recognised. Additional income taxes that arise from distribution of dividends are recognised at the same time as liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognised simultaneously.

n. Payables

Trade and other payables are stated at amortised cost.

o. Finance income and expense

Interest income is recognised as it accrues in the income statement using the effective interest method.

p. Earnings per share

The Consolidated Entity presents basic and diluted earnings/(loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit/(loss) attributable to equity holders of the parent for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated using the basic EPS earnings/(loss) as the numerator. The weighted average number of shares used as the denominator is adjusted by the after-tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares adjusted for any bonus issue.

q. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

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r. New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations are effective for the financial years beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Consolidated Entity except for AASB 9 Financial Instruments, which becomes mandatory for the Consolidated Entity's 2016 consolidated financial statements and AASB 13 – Fair Value Measurement, which becomes mandatory for the Consolidated Entity's 2014 financial statements. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

s. Other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates designation at each financial period-end.
All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

4. FINANCIAL RISK MANAGEMENT

Overview

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

• Credit risk
• Liquidity risk
• Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to.
The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

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FINANCIAL RISK MANAGEMENT (cont.)

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the geographical location and characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by geographic region on a monthly basis. Regional management is responsible for identifying high risk customers and placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity will undertake its coal exploration and development activities in US currency and be exposed to currency risk on the value of its exploration assets that are denominated in United States dollars (USD).

A percentage of the Consolidated Entity's future revenues from coal exploration and development activities may be denominated in currencies other than AUD. Risk resulting from the translation of assets and liabilities of foreign operations into the Consolidated Entity's reporting currency is not hedged.

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks in Australia.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in the approach to capital management during the period.

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5. 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 during the financial year, 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 previous year 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.

6. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the 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, other than in July 2013, County Coal announced it had acquired an option over a 1,420 acres (575 hectares) property adjacent to Shell Creek, providing an estimated additional exploration target of 300-500Mt.

7. DIVIDENDS

No dividends were paid during or subsequent to the year ended 30th June 2013.

8. SEGMENT REPORTING

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

9. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

No subsidiaries were acquired or disposed of during the year ended 30th June 2013

10. DISCONTINUING OPERATIONS

No operations were discontinued during the year ended 30th June 2013.

11. FOREIGN ACCOUNTING STANDARDS

N/A

12. NTA BACKING

	2013	**2012**
Net tangible asset backing per ordinary share	14.18 cents	15.91 cents

13. OTHER SIGNIFICANT INFORMATION

N/A

14. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted loss per share.

	2013 **$**	**2012** **$**
Net loss used in calculating basic and diluted earnings per share	(2,919,788)	(952,765)
Basic and diluted (loss) per share (cents per share)	(3.10)	(1.19)
Weighted average number of shares used in the calculation of basic and diluted loss per share	94,175,004	79,796,366
Shares on issue at year end	94,175,004	94,175,004
Number of options on issue at year end – each option is exercisable at 40 cents per share and converts to one ordinary share	10,300,000	7,200,000

Share options are not considered dilutive as their impact would be to decrease the net loss per share Accordingly, diluted loss per share has not been disclosed.

Audit

This report is based on accounts, which are in the process of being audited.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review. -Nil

Description of dispute or qualification if the accounts have been audited or subjected to review -Nil

Sign here:

.... Date: 30th August 2013

(Secretary)

Print name: T. Flitcroft

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