

OPAL HORIZON LIMITED
ABN 98 095 974 762

INTERIM FINANCIAL REPORT
For the half-year ended 30 June 2009

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the Annual Report of Opal Horizon Limited for the year ended 31 December 2008 and any public announcements by Opal Horizon Limited during the half-year ended 30 June 2009 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors present their report on Opal Horizon Limited (“the company”) for the half-year ended 30 June 2009.

Directors

The following persons were Directors of the company during the whole of the half-year and up to the date of this report:

A J Fawdon
L J Litzow

D J Horton
D H Hall

Principal activities

During the half-year the principal continuing activities of the company has been the exploration for, and mining of, precious opals in Australia. However, during the half-year, exploration and mining activities were kept to a minimum while the company sought:

- (a) funding to provide working capital for its activities; and
- (b) international markets for its opal products.

Review of operations

The loss attributable to members of the company for the half-year was \$145,241 (2008: loss of \$483,723). The loss reflects the nature of the company’s principal activities.

Events subsequent to balance date

Subsequent to 30 June 2009 the company has issued 4,000,000 ordinary fully paid shares raising share capital of \$200,000.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in years subsequent to 30 June 2009.

Auditor's Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

This report is made in accordance with a resolution of the directors.

D Horton
Managing Director

Brisbane, 11 September 2009

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OPAL HORIZON LIMITED**

In relation to our review of the interim financial report of Opal Horizon Limited for the half-year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Hacketts DFK

L J Murphy
Partner

Brisbane, 11 September 2009

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 10:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory financial reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) having regard to the matters described in Note 1(a) to the financial statements, there are reasonable grounds to believe that Opal Horizon Limited will be able to pay its debts as and when they become due and payable.

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

D Horton
Managing Director

Brisbane, 11 September 2009

OPAL HORIZON LIMITED

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**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

	Note	Half-Year 2009 \$	Half-Year 2008 \$
Revenue	3	267,114	42,120
Cost of sales		12,258	-
Exploration expenditure written off		1,948	2,680
Drill rig expenses		31,573	-
Mining operations		13,608	272,199
Employment costs		139,902	105,150
Professional services		23,610	24,355
Depreciation and amortisation expense		91,017	23,028
Borrowing costs		2,977	25,955
Occupation costs		14,081	19,006
Administration costs		81,381	73,470
Loss before income tax	4	(145,241)	(483,723)
Income tax expense		-	-
Loss attributable to the owners of the company		(145,241)	(483,723)
		Cents	Cents
Basic earnings per share	5	(0.27)	(0.94)
Diluted earnings per share	5	(0.27)	(0.94)

The above Income Statement should be read in conjunction
with the accompanying notes.

OPAL HORIZON LIMITED

ABN 98 095 974 762

**BALANCE SHEET
AS AT 30 JUNE 2009**

	June 2009	December 2008
	\$	\$
Current Assets		
Cash and cash equivalents	380,015	210,340
Receivables	31,087	68,194
Inventories	71,630	42,300
Total Current Assets	<u>482,732</u>	<u>320,834</u>
Non Current Assets		
Property, plant and equipment	353,725	389,550
Exploration costs and mine properties	788,683	828,837
Other assets	14,800	22,300
Total Non Current Assets	<u>1,157,208</u>	<u>1,240,687</u>
Total Assets	<u>1,639,940</u>	<u>1,561,521</u>
Current Liabilities		
Payables	94,050	76,335
Short term interest bearing liabilities	36,474	31,037
Short term borrowings	28,291	50,000
Total Current Liabilities	<u>158,815</u>	<u>157,372</u>
Non Current Liabilities		
Long term interest bearing liabilities	40,648	53,031
Total Non Current Liabilities	<u>40,648</u>	<u>53,031</u>
Total Liabilities	<u>199,463</u>	<u>210,403</u>
Net Assets	<u>1,440,477</u>	<u>1,351,118</u>
Equity		
Contributed equity	3,973,111	3,738,511
Accumulated losses	(2,532,634)	(2,387,393)
Total Equity	<u>1,440,477</u>	<u>1,351,118</u>

The above Balance Sheet should be read in conjunction
with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

	Half-Year 2009 \$	Half-Year 2008 \$
Total equity at the beginning of the half-year	1,351,118	2,537,163
Loss for the half-year	(145,241)	(483,723)
Transactions with owners in their capacity as owners:		
Contributions of equity, net of transaction costs	234,600	-
Total contributed equity movement	<u>234,600</u>	<u>-</u>
Total equity at the end of the half-year	<u><u>1,440,477</u></u>	<u><u>2,053,440</u></u>

The above Statement of Changes in Equity should be read in conjunction
with the accompanying notes.

OPAL HORIZON LIMITED

ABN 98 095 974 762

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008**

	Half-Year 2009 \$ Inflows / (Outflows)	Half-Year 2008 \$ Inflows / (Outflows)
Cash flows from operating activities		
Receipts from customers (GST inclusive)	307,384	979
Payments to suppliers and employees (GST inclusive)	(342,549)	(467,815)
Borrowing costs	(671)	(3,176)
Interest received	5,140	39,827
	<hr/>	<hr/>
Net cash inflow(outflow) from operating activities	(30,696)	(430,185)
Cash flows from investing activities		
Payments for exploration expenditure	(10,153)	(34,210)
Payments for property, plant and equipment	(6,833)	(208,627)
Refund / (payment) of security deposits	7,500	(2,500)
	<hr/>	<hr/>
Net cash inflow(outflow) from investing activities	(9,486)	(245,337)
Cash flows from financing activities		
Repayment of borrowings	(20,889)	(12,185)
Proceeds of borrowings	13,746	-
Refund of share application monies received	-	(67,000)
Proceeds on issue of shares	217,000	56,000
Capital raising costs	-	(196,205)
	<hr/>	<hr/>
Net cash inflow(outflow) from financing activities	209,857	(219,390)
Net increase (decrease) in cash held	169,675	(894,912)
Cash at beginning of the half-year	210,340	1,527,850
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Cash at the end of the half-year	380,015	632,938

The above Cash Flow Statement should be read in conjunction
with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

1. Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcements made by Opal Horizon Limited during the interim reported period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies include the preparation of the financial report on a going concern basis and the capitalisation of exploration costs and mine properties.

(a) Going concern

The company has reported a loss of \$145,241 (2008 : loss of \$483,723) and cash outflows from operations and investing of \$30,696 (2008 : \$430,185) and \$9,486 (2008 : \$245,337) respectively. Given the losses and net cash outflow of the company the ability of the company to continue as a going concern, including the ability of the company to pay its debts as and when they fall due, needs to be considered.

The continuation of the company as a going concern is dependent upon its ability to obtain either finance facilities or additional capital, and the generation of future cash inflows to enable the funding of cash requirements. The Directors are of the opinion that the operations of the company can be structured so as to retain the company's assets, satisfy its current liabilities and fund expenditure obligations. It is on this basis that the Directors have prepared the financial statements on a going concern basis.

The financial statements have been prepared on a going concern basis which assumes that the company will realise its assets and extinguish its liabilities in the normal course of business. Given the past losses, the current financial environment of reduced liquidity and difficulty to refinance funding facilities or raising of additional share capital, there is significant uncertainty that the company will continue as a going concern, and, therefore, whether its will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the going concern basis of the preparation of the financial statements not be appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

1. Accounting Policies (continued)

(b) Capitalisation of exploration costs and mine properties

As at 30 June 2009 exploration costs and mine properties capitalised amounts to \$788,683 (December 2008: \$828,837). Given that exploration and mining activities do not permit a reasonable assessment of the existence or otherwise of recoverable opals and the difficulty in forecasting cash flows to assess the fair value of exploration costs and mine properties there is uncertainty as to the carrying value of exploration costs and mine properties. Changes to management's judgement as to the prospective nature, assessment of the existence or otherwise of opals, technical feasibility and/or commercial viability of the relevant tenements and the company's intention with respect to the relevant tenements, could affect the assessment of the assets recoverable amount. The ultimate recovery of the carrying value of exploration costs and mine properties is dependent upon the successful development, mining and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration costs and mine properties are recoverable for the amount stated in the financial report.

2. Segment information

The company operates in one business segment as an explorer for, and miner of, precious opals in Australia.

	Half-Year 2009 \$	Half-Year 2008 \$
3. Revenue		
Interest	2,942	42,120
Drill rig hire income	225,702	-
Sale of gems	12,667	-
Fair value adjustment to inventory	25,775	-
Other	28	-
	267,114	42,120

4. Loss for the half-year

Loss before income tax has been arrived at after recording the following specific items:

Expenses

Exploration expenditure written off	1,948	2,680
Depreciation	91,017	23,028
Borrowing costs	2,977	5,955

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2009**

5. Equity securities issued

	Half-Year 2009 No.	Half-Year 2009 \$
Opening balance as at 1 January 2009	51,767,258	3,738,511
Placements	3,948,001	234,600
Capital raising costs		-
Balance as at 30 June 2009	55,715,259	3,973,111
 Weighted average number of shares	 53,004,628	

	Half-Year 2008 No.	Half-Year 2008 \$
Opening balance as at 1 January 2008	51,428,258	3,690,511
Placements	-	-
Exercise of options	-	-
Capital raising costs		-
Balance as at 30 June 2008	51,428,258	3,690,511
 Weighted average number of shares	 51,428,258	

6. Events subsequent to balance date

Subsequent to 30 June 2009 the company has issued 4,000,000 ordinary fully paid shares raising share capital of \$200,000.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in years subsequent to 30 June 2009.

7. Contingent liabilities

The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993), may impact on exploration tenements under application. Any substantiated claim may have an effect on the value of the tenement application affected by the claim.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OPAL HORIZON LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Opal Horizon Limited. The half-year financial report comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, for Opal Horizon Limited, together with a statement of accounting policies, other selected explanatory notes and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports 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 Opal Horizon Limited's financial position as at 30 June 2009 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 Opal Horizon Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OPAL HORIZON LIMITED
(continued)**

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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 Opal Horizon Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of Opal Horizon Limited's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty regarding Going Concern and capitalised Exploration Costs and Mine Properties

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

- a) As a result of the matter described in Note 1(a) to the financial statements, there is significant uncertainty as to whether the company will be able to continue as a going concern and therefore whether the company will realise its assets and extinguish its liabilities in the normal course of business and at the amounts recorded in the financial report; and
- b) As a result of the matter described in Note 1(b) to the financial statements, there is significant uncertainty as to whether the company will be able to recover the carrying value of capitalised exploration costs and mine properties for the amounts recorded in the financial report.

Hacketts DFK

**L J Murphy
Partner**

Brisbane, 11 September 2009