

OPAL HORIZON LIMITED
ABN 98 095 974 762

INTERIM FINANCIAL REPORT
For the half-year ended 30 June 2008

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 2007 and any public announcements by Opal Horizon Limited during the half-year ended 30 June 2008 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 2008.

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
D J Horton
L J Litzow
D H Hall

Principal activities

During the half-year the principal continuing activities of the company has been the exploration for opals in Australia by the identification of target areas, and the exploration of tenements.

During the half-year a significant change occurred in the nature of the activities of the company. The company commenced mining operations during the half-year.

Review of operations

The loss attributable to members of the company for the half-year was \$483,723 (2007: loss of \$107,030). The loss reflects the nature of the company's principal activities.

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 2008



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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 2008, 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.

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S A Green
Partner

Brisbane, 11 September 2008

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 9:

- (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 2008 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) 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 2008

OPAL HORIZON LIMITED

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**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008**

	Note	Half-Year 2008 \$	Half-Year 2007 \$
Revenue	3	42,120	26,775
Mining expenses		272,199	-
Employment costs		105,150	30,534
Depreciation / amortisation		23,028	15,655
Professional services		24,355	12,800
Borrowing costs		2,978	1,941
Occupation costs		19,006	14,308
Administration costs		76,447	32,182
Exploration written off		2,680	26,385
Loss before income tax	4	(483,723)	(107,030)
Income tax expense		-	-
Loss attributable to the members of the company		(483,723)	(107,030)
		Cents	Cents
Basic earnings per share	5	(0.94)	(0.24)
Diluted earnings per share	5	(0.94)	(0.24)

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

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**CONDENSED BALANCE SHEET
AS AT 30 JUNE 2008**

	June 2008	December 2007
	\$	\$
Current Assets		
Cash and cash equivalents	632,938	1,527,850
Receivables	63,516	96,718
Other	267,515	72,921
Total Current Assets	<u>963,969</u>	<u>1,697,489</u>
Non Current Assets		
Receivables	22,300	19,800
Property, plant and equipment	427,387	203,435
Exploration expenditure	927,986	883,009
Total Non Current Assets	<u>1,377,673</u>	<u>1,106,244</u>
Total Assets	<u>2,341,642</u>	<u>2,803,733</u>
Current Liabilities		
Payables	149,468	115,651
Short term interest bearing liabilities	24,767	24,767
Short term borrowings	50,000	50,000
Total Current Liabilities	<u>224,235</u>	<u>190,418</u>
Non Current Liabilities		
Long term interest bearing liabilities	63,967	76,152
Total Non Current Liabilities	<u>63,967</u>	<u>76,152</u>
Total Liabilities	<u>288,202</u>	<u>266,570</u>
Net Assets	<u>2,053,440</u>	<u>2,537,163</u>
Equity		
Contributed equity	3,690,511	3,690,511
Accumulated losses	(1,637,071)	(1,153,348)
Total Equity	<u>2,053,440</u>	<u>2,537,163</u>

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

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2008**

	Half-Year 2008 \$	Half-Year 2007 \$
Total equity at the beginning of the half-year	2,537,163	1,374,279
Loss for the half-year	(483,723)	(107,030)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	-	504,632
Total contributed equity movement	-	504,632
Total equity at the end of the half-year	<u>2,053,440</u>	<u>1,771,881</u>

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

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

	Half-Year 2008 \$ Inflows / (Outflows)	Half-Year 2007 \$ Inflows / (Outflows)
Cash flows from operating activities		
Sundry receipts (GST inclusive)	979	-
Payments to suppliers and employees (GST inclusive)	(467,815)	(81,020)
Payments for exploration expenditure	(34,210)	(417,252)
Borrowing costs	(3,176)	(1,941)
Interest received	39,827	26,739
Net cash inflow(outflow) from operating activities	(464,395)	(473,474)
Cash flows from investing activities		
Payments for property, plant and equipment	(208,627)	(83,418)
Payment of security deposits	(2,500)	-
Net cash inflow(outflow) from investing activities	(211,127)	(83,418)
Cash flows from financing activities		
Repayment of borrowings	(12,185)	(8,177)
Refund of share application monies received	(67,000)	-
Proceeds on issue of shares	56,000	564,492
Capital raising costs	(196,205)	(64,488)
Net cash inflow(outflow) from financing activities	(219,390)	491,827
Net increase (decrease) in cash held	(894,912)	(65,065)
Cash at beginning of the half-year	1,527,850	1,062,306
Cash at the end of the half-year	632,938	997,241

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2008**

1. Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 30 June 2008 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 2007 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.

2. Segment information

The company operates in one business segment as an explorer for opals in Australia.

	Half-Year 2008	Half-Year 2007
	\$	\$
3. Revenue		
Interest	42,120	26,739
Other	-	36
	42,120	26,775

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	2,680	26,385
Depreciation	23,028	15,655
Borrowing costs	2,978	1,941

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2008****5. Equity securities issued**

	Half-Year 2008 No.	Half-Year 2008 \$
Opening balance as at 1 January 2008	51,428,258	3,690,511
Placements	-	-
Capital raising costs	-	-
Balance as at 30 June 2008	<u>51,428,258</u>	<u>3,690,511</u>
Weighted average number of shares	<u>51,428,258</u>	
	Half-Year 2007 No.	Half-Year 2007 \$
Opening balance as at 1 January 2007	43,231,508	2,156,495
Placements	1,806,666	271,000
Exercise of options	1,243,168	248,632
Capital raising costs	-	(15,000)
Balance as at 30 June 2007	<u>46,281,342</u>	<u>2,661,127</u>
Weighted average number of shares	<u>45,049,320</u>	

6. Events subsequent to balance date

The company intends to seek listing on the Australian Securities Exchange with an initial public offering during 2008. The company is proposing to raise between \$2.5 million and \$6 million.

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 financial years subsequent to 30 June 2008.

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.



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

We have reviewed the accompanying half-year financial report of Opal Horizon Limited which comprises the condensed balance sheet as at 30 June 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Opal Horizon Limited's financial position as at 30 June 2008 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 2008 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 capitalised Exploration Expenditure

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

Recorded in the financial report of the company as a non-current asset is an amount of \$927,986 (2007: \$883,009) for exploration expenditure. Exploration expenditure on tenements represents a significant asset of the company. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements.



PITCHER PARTNERS



S A Green
Partner

Brisbane, 11 September 2008