OPAL HORIZON LIMITED

ABN 98 095 974 762

General Purpose Financial Report
for the year ended 31 December 2014

OPAL HORIZON LIMITED

ABN 98 095 974 762

DIRECTORS' REPORT

Your Directors present their report on Opal Horizon Limited ("the Company") for the year ended 31 December 2014.

Directors

The following persons were Directors of the Opal Horizon Limited during the whole of the financial year and continue in office at the date of this report:

D J Horton
W J Ife
J E Siemon

J D I Hargreaves was a director from the beginning of the financial year until his resignation on 31 January 2014.

Principal Activities

The principal continuing activities of the Company has been the exploration for opals in Australia by the identification of target areas, and the mining of precious opals.

During the 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.

Dividends

No dividend has been paid since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2014.

Review of Operations

The loss of the Company for the financial year ended 31 December 2014 was $154,971 (2013: loss $179,874).

The Company was incorporated in February 2001. It is a vertically integrated company involved in all aspects of the opal industry from exploration through to mining, purchasing, processing, wholesaling and international marketing.

The Directors and management of the company have extensive experience in mineral exploration, mining, gemstone marketing and financing. The Company's Managing Director is a geologist who is one of Australia's leading researchers on practical aspects of opal exploration. The company has developed exploration methodologies specifically targeting large deposits of precious opal in central Australia.

Opal Horizon Limited currently holds a number of exploration and mining projects in western Queensland (listed below). These projects were being actively worked by the Company up until 2009. However, Company activities since then have been primarily aimed at setting up its internal international opal marketing division.

When the company suspended mining in 2009, there were no suitable techniques available to detect high-grade runs or pockets of opal mineralisation on any of the company's projects. Previous exploration by the company had been very successful in locating a number of opal fields which are in effect "clusters" of opal runs.

Locating individual high-grade runs within a field is very much a hit or miss exercise as any opal miner in Australia will attest. Very recent advances in ground penetrating radar (GPR), the most promising of the techniques available, offers great promise of being able to detect not only high grade opaliferous boulder runs but also other concentrations of opal as well. An advance GPR program is scheduled to be conducted over the company's Raindance deposit, near Jundah, in early May 2015. Coupled with the company's intellectual property regarding opal mineralisation, advanced GPR has the potential to completely revolutionise the opal mining industry.

The Company's current projects as of 31 December 2014 are detailed below:

Tenement	Name	Project	Interest
EPM 17045	Opalton West	Opalton	100%
EPM 17046	Opalton East	Opalton	100%
EPM 14310	Kurran South	Kurran	100%
ML 95542	The Big Girl	Lina Glen	100%
EPM 15970	Hayfield	Lina Glen	100%
EPM 17863	Evergy	Evergy	100%

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

	2014 $
An increase in contributed equity of $121,000 (from $5,210,711 to $5,331,711) as a result of:	
Placements of 605,000 fully paid ordinary shares	121,000

Less: Transaction costs arising on share issues, net of current income tax	-
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Net increase in share capital	121,000
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DIRECTORS' REPORT (continued)

Matters Subsequent to the end of the Financial Year

The Company made placements of 275,000 fully paid ordinary shares since the end of the financial year at an issue price of 20 cents each raising a total of $55,000 in contributed equity.

There have been no matters or circumstances that have arisen since the end of the financial 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 31 December 2014.

Likely developments and expected results of operations

The company is part-way through a raising capital exercise. These funds will be used not only to conduct the ground penetrating radar program mentioned in the Review of Operations, but also to undertake high grade mining of the company's Raindance deposit near Jundah. On completion of the GPR and the consequent selective high-grade mining and with the expected production of a significant volume and value of precious opal, the company will be poised to resume its exploration and international marketing activities.

Environmental Regulation

The Company is not subject to any significant environmental regulation (apart from normal requirements under its exploration and mining tenements) in respect of its operations.

The following policy has been adopted as the official Environmental Policy of the Company:

Opal Horizon Limited is committed to being an efficient and effective mineral exploration / mining company embracing sound environmental management practices and world best practices.

It is the Company's policy to:

- abide by the concepts and principles of sustainable development;
- carry out operations in an environmentally responsible manner having consideration for individual and community welfare;
- ensure that, at a minimum, business is conducted in compliance with existing environmental legislation and regulations; and
- educate staff and employees in the importance of understanding their environmental responsibilities for the sensitive implementation of all Company operations.

Information on Directors

D J Horton M.Sc, MGSA, MAIG, MSEG. *Managing Director – Executive*		
Experience and expertise	Mr Horton has over 35 years experience in mineral exploration, project and prospect generation, management and resource evaluation.	
Other current directorships	Non-executive Director of Superior Resources Limited since 2005	
Former directorships in last three years	None.	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares	1,990,574
	Options over ordinary shares	666,667

W J Ife BS (Communications / Advertising) *Executive Director – Sales & Marketing*		
Experience and expertise	New York based, Mr Ife has over 25 years experience in marketing and advertising, mostly in jewellery diamonds and luxury product categories. He served as Executive Director of the Diamond Promotion Service leading the trade marketing efforts for DeBeers in the US for 9 years.	
Other current directorships	None	
Former directorships in last three years	None	
Special responsibilities	Executive Director – Sales & Marketing	
Interests in shares and options	Ordinary shares	Nil
	Options over ordinary shares	Nil

J E Siemon MSc MAIG FGSA *Non-executive Chairman*		
Experience and expertise	Mr Siemon has 45 years' experience in exploration for and evaluation of industrial minerals, aggregates and gemstones.	
Other current directorships	None.	
Former directorships in last three years	Alternate Director for Mr D Horton, Opal Horizon Limited 2012	
Special responsibilities	Chairman of the Board Member of the Audit Committee Member of the Remuneration Committee	
Interests in shares and options	Ordinary shares	2,018,334
	Options over ordinary shares	Nil

Company Secretary

The Company Secretary is Suzanne Yeates, CA, B.Bus. She was appointed to the position of Company Secretary in October 2014. Suzanne Yeates currently is the principal of Outsourced Accounting Solutions Chartered Accountants and holds the office of Company Secretary with other companies.

Meetings of Directors

The number of meetings of the Company's board of directors held during the year ended 31 December 2014, and the number of meetings attended by each director were:

	Full Meetings of Directors		Meetings of Audit Committee	
	A	**B**	**A**	**B**
D J Horton	2	2	1	1
W J Ife	2	2	1	1
J E Siemon	2	2	1	1
J D I Hargreaves	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

Shares under option

There are no unissued ordinary shares of Opal Horizon Limited under option at the date of this report.

Shares issued on the exercise of options

No ordinary shares of Opal Horizon Limited were issued during the year ended 31 December 2014 on the exercise of options. No shares on the exercise of options have been issued since that date.

Insurance of officers
During the financial year Opal Horizon Limited has not paid a premium to insure the directors and secretaries of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

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 7.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

D J Horton
Managing Director
Brisbane, 29 April 2015

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DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF OPAL HORIZON LIMITED

As lead auditor of Opal Horizon Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

C J Skelton
Director

BDO Audit Pty Ltd

Brisbane, 29 April 2015

OPAL HORIZON LIMITED

ABN 98 095 974 762

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 33 are in accordance with the *Corporations Act 2001*, including:
   - (i) complying with Accounting Standards, the *Corporations Regulations* 2001 and other mandatory professional reporting requirements, and
   - (ii) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the financial year ended on that date, and

(b) with regard to Note 1(a) going concern principle, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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

D J Horton
Managing Director
Brisbane, 29 April 2015

OPAL HORIZON LIMITED
ABN 98 095 974 762

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue from operations	5	82,130	156,019
Other income	6	1,966	1,887
Expenditure			
Cost of gems sold		(5,485)	-
Exploration expenditure (written off)/reversal		-	(74)
Mining operations		(7,696)	(7,889)
Drill rig operating costs		(4,246)	(8,071)
Employment costs		(98,327)	(121,965)
Professional services		(36,180)	(40,690)
Depreciation and amortisation expense		(23,008)	(23,459)
Borrowing costs		(1,970)	(2,328)
Occupation costs		(20,490)	(20,654)
Capital raising costs		(12,539)	(36,058)
Administration costs		(29,126)	(76,592)
Loss before income tax from operations		(154,971)	(179,874)
Income tax expense	8	-	-
Loss after income tax	19	(154,971)	(179,874)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(154,971)	(179,874)

		Cents	Cents
Earnings (loss) per share			
Basic earnings (loss) per share	27	(0.6)	(0.7)
Diluted earnings (loss) per share	27	(0.6)	(0.7)

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

OPAL HORIZON LIMITED
ABN 98 095 974 762

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	45,943	50,680
Trade and other receivables	10	18,918	49,578
Inventories	11	83,423	88,908
Total Current Assets		148,284	189,166
Non-Current Assets			
Property, plant and equipment	12	70,790	94,468
Exploration costs and mine properties	13	640,866	631,855
Other assets	14	14,800	14,800
Total Non-Current Assets		726,456	741,123
Total Assets		874,740	930,289
LIABILITIES			
Current Liabilities			
Trade and other payables	15	94,578	114,193
Short term interest bearing liabilities	16	9,400	9,737
Total Current Liabilities		103,978	123,930
Non-Current Liabilities			
Provisions	17	3,247	4,873
Total Non-Current Liabilities		3,247	4,873
Total Liabilities		107,225	128,803
Net Assets		767,515	801,486
Equity			
Contributed equity	18	5,331,711	5,210,711
Accumulated losses	19	(4,564,196)	(4,409,225)
Total Equity		767,515	801,486

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

OPAL HORIZON LIMITED
ABN 98 095 974 762

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Ordinary shares $	Accumulated losses $	Total $
Balance at 1 January 2013	5,090,711	(4,229,351)	861,360
Loss for the year	-	(179,874)	(179,874)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(179,874)	(179,874)
Shares issued during the year	120,000	-	120,000
Sub total	5,210,711	(4,409,225)	801,486
Dividends paid or provided for	-	-	-
Balance at 31 December 2013	5,210,711	(4,409,225)	801,486
Balance at 1 January 2014	5,210,711	(4,409,225)	801,486
Loss for the year	-	(154,971)	(154,971)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(154,971)	(154,971)
Shares issued during the year	121,000	-	121,000
Sub total	5,331,711	(4,564,196)	767,515
Dividends paid or provided for	-		
Balance at 31 December 2014	5,331,711	(4,564,196)	767,515

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

OPAL HORIZON LIMITED
ABN 98 095 974 762

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts (GST inclusive)		113,811	123,865
Payments to suppliers and employees (GST inclusive)		(216,850)	(292,686)
Interest received		984	1,489
Borrowing costs paid		(1,970)	(2,328)
Net cash flows from operating activities	23	(104,025)	(169,660)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,273)	(1,058)
Exploration expenditure		(9,011)	(5,541)
Proceeds from sale of property, plant and equipment		4,909	3,181
Net cash flows from investing activities		(6,375)	(3,418)
Cash flows from financing activities			
Proceeds from issue of shares		106,000	135,000
Repayment of borrowings		(16,660)	(19,568)
Proceeds of borrowings		16,323	18,419
Net cash flows from financing activities		105,663	133,851
Net increase/(decrease) in cash held		(4,737)	(39,227)
Cash at beginning of the year		50,680	89,907
Cash at the end of the year	9	45,943	50,680

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover Opal Horizon Limited ("the Company") as an individual entity. The Company is an unlisted public company incorporated and domiciled in Australia.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue on xx April 2015 by the directors of the Company.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS
The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
Except for cash flow information, the financial statements have been prepared on an accruals basis and under the historical cost convention.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Going concern principle
The Company has reported a loss of $154,971 (2013: loss of $179,874) and cash outflows from operations of $104,025 (2013: $169,660) and cash outflows from investing of $6,375 (2013 outflow: $3,418). 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 YEAR ENDED 31 DECEMBER 2014

1. Summary of Significant Accounting Policies (continued)

(b) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(c) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand, and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(d) Inventories

Inventories are stated at net realisable value. Net realisable value represents the estimated wholesale selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Stock on hand represents stocks of cut opals and opal jewellery. Uncut opals are not recognised as stock due to the uncertainly regarding the quality and the value of the opal until it is cut.

(e) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(f) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(g) Depreciation of property, plant and equipment

Depreciation on property, plant and equipment has been calculated on diminishing value basis. Estimates of remaining useful lives are made on a regular basis for all assets. The depreciation rates used for each class of assets are as follows:

Office equipment	37.5%	Diminishing value
Field equipment	20% - 37.5%	Diminishing value
Motor vehicles	20%	Diminishing value

1. Summary of Significant Accounting Policies (continued)

(h) Exploration Expenditure

Expenditure is accumulated separately for each area of interest until such time as the area is abandoned or sold. The realisation of the value of the expenditure carried forward depends on any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Some exploration expenditure may also be written off where areas of interest are partly relinquished. In cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

(i) Mine Properties Expenditure

Mine properties expenditure represents exploration and evaluation expenditure accumulated in respect of tenement or area of interest subject to mine development and or mining activities. Mine properties expenditure is accumulated separately for each tenement or area of interest. When production commences, the accumulated costs are amortised over the estimated life of the mining activities for the tenement or area of interest.

Costs associated with mining operations are expensed in the Statement of Comprehensive Income as incurred.

(j) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(l) Earnings (loss) per share

(i) Basic earnings (loss) per share

Basic earnings per share is calculated by dividing the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings (loss) per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings (loss) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Summary of Significant Accounting Policies (continued)

(m) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimate future cash outflows.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(o) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The Company recognised revenue when the amount of revenue can be reliable measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

(i) Equipment rental

Equipment rental income is recognised in the accounting period in which the equipment has been provided to the customer for their use.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Provision of services

Provision of services income is recognised in the accounting period in which the service has been provided to the customer for their use.

1. Summary of Significant Accounting Policies (continued)

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Amendments to AASBs and the new interpretation that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Company include:

- AASB 1031 'Materiality' (2013)
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  Part C: 'Materiality'

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Company has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cashgenerating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.
The application of these amendments does not have any material impact on the disclosures in the Company's financial statements.

1. Summary of Significant Accounting Policies (continued)

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs which are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure shortterm receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

1. Summary of Significant Accounting Policies (continued)

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of AASB 140; and
(b) the transaction meets the definition of a business combination under AASB 3.

Part C – 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

(s) New standards and interpretations not yet adopted

A number of relevant new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. It is not expected that there will be a material effect on the consolidated financial statements.

2. Financial risk management

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk.

The Company holds the following financial instruments:

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	45,943	50,680
Trade and other receivables	5,275	36,956
Security deposits	14,800	14,800
	66,018	102,436
Financial liabilities		
Trade and other payables	84,622	73,336
Interest bearing liabilities	9,400	9,737
	94,022	83,073

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with bank and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

	2014 $	2013 $
Cash at bank and short-term bank deposits		
A rated	45,943	50,680

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. At the end of the reporting period, the Company held deposits at call of $1,000 (2013: $1,000) that are expected to readily generate cash inflows for managing liquidity risk.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings.

Contractual maturities of financial liabilities	**Less then 6 months**	**6 – 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
At 31 December 2014	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	84,622	-	-	-	-	84,622	84,622
Interest bearing liabilities	9,400	-	-	-	-	9,400	9,400
	94,022	-	-	-	-	94,022	94,022
At 31 December 2013	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	73,336	-	-	-	-	73,336	73,336
Interest bearing liabilities	9,737	-	-	-	-	9,737	9,737
	83,073	-	-	-	-	83,073	83,073

2. Financial risk management (continued)

Cash flow and fair value interest rate risk
As the Company has no significant interest-bearing assets or borrowings that are subject to fluctuating interest rates, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

Fair value measurements
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value measurements of the Company's other financial liabilities is level 2 on the hierarchy.

3. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key judgements
Recoverability of non-current assets
The business of exploring and mining involves a high degree of risk and there can be no assurance that current exploration programs or mining plans will result in profitable outcomes.

The Company has capitalised exploration costs and mine properties of $455,767 (2013: $446,755) and $185,099 (2013: $185,099) respectively in accordance with the accounting policy set out in Note 1(i). 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 of otherwise of opals, technical feasibility and / or commercial viability of the relevant tenements and the Company's intentions 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.

4. Segment Information

The Company has only one operating segment being the mining of precious opal in Australia.

	2014 $	2013 $

5. Revenue

	2014 $	2013 $
Sale of gems	5,472	-
Management services	75,674	94,520
Equipment rental	-	60,240
Interest	984	1,259
	82,130	156,019

6. Other income

	2014 $	2013 $
Net gain on disposal of property, plant and equipment	1,966	1,887

7. Expenses

Loss before income tax expense includes the following specific expenses:

	2014 $	2013 $
Exploration expenditure written off (reversal)	-	74
Depreciation expense charged	23,008	23,459
Interest and finance charges paid/payable	1,970	2,328

8. Income Tax Expense

(a) The prima facie tax on profit/(loss) differs from the income tax provided in the financial statements as follows:

	2014 $	2013 $
Net profit / (loss) before income tax expense	(154,971)	(179,874)
Tax at the Australian tax rate of 30% (2013 – 30%)	(46,491)	(53,962)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	-
	(46,491)	(53,962)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	46,491	53,962
Income tax expense	-	-

	2014 $	2013 $

8. Income Tax Expense (continued)

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2014 $	2013 $
Exploration expenditure	136,730	134,027
Borrowing costs		84
Property, plant and equipment	8,427	8,427
Mine properties expenditure	55,530	55,530
Total deferred tax liabilities	200,687	198,068
Set-off of deferred tax assets pursuant to set-off provisions	(200,687)	(198,068)
Net deferred tax liabilities	-	-

(c) Deferred tax assets

The balance comprises temporary differences attributable to:

	2014 $	2013 $
Tax losses	1,531,082	1,467,884
Capital losses	43,413	43,413
Accruals	8,487	6,450
Employee entitlements	3,960	6,260
Other	672	672
Total deferred tax assets	1,587,614	1,524,679
Set-off of deferred tax liabilities pursuant to set-off provisions	(200,687)	(198,068)
Net adjustment for deferred tax assets not recognised	(1,386,927)	(1,326,611)
Net deferred tax assets	-	-

(d) Unrecognised net deferred tax assets

At 31 December 2014 the Company has $5,103,608 (2013: $4,892,947) of unused tax losses available to offset future taxable income.

Unused tax losses which have not been recognised as an asset, will only be obtained if:

(i) the Company derives future assessable income of a nature and an amount sufficient to enable the losses to be realised;
(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the Company in realising the losses.

	2014 $	2013 $
9. Current Assets – Cash and cash equivalents		
Cash at bank and on hand	44,943	49,680
Short-term bank deposit	1,000	1,000
	45,943	50,680
10. Current Assets – Trade and other receivables		
Trade receivables	5,275	36,956
Other receivables	320	470
Prepayments	13,323	12,152
	18,918	49,578
11. Current Assets – Inventories		
Finished goods at net realisable value		
Cut Opals	49,992	49,992
Opal Jewellery	33,431	38,916
	83,423	88,908

Inventories of cut opals have been independently valued by Roy Beattie FGAA, DipDT to have a wholesale value of $55,547 (2013: $55,547). The net realisable value of opals represents the wholesale valuation less expected costs of selling which have been estimated at 10%. The balance of inventory represents opal jewellery held in stock and is carried at $33,431 (2013: $38,916).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12. Non-Current Assets – Property, plant and equipment

	Office equipment	*Field equipment*	*Motor vehicles*	*Total*
At 1 December 2012				
Cost	22,702	131,490	223,091	377,283
Accumulated depreciation	(18,421)	(101,606)	(139,093)	(259,120)
Net book amount	4,281	29,884	83,998	118,163
Year ended 31 December 2013				
Opening net book amount	4,281	29,884	83,998	118,163
Additions	1,058	-	-	1,058
Disposals	-	(1,294)	-	(1,294)
Depreciation charge	(1,559)	(5,940)	(15,960)	(23,459)
Closing net book amount	3,780	22,650	68,038	94,468
At 31 December 2013				
Cost	23,760	125,480	223,091	372,331
Accumulated depreciation	(19,980)	(102,830)	(155,053)	(277,863)
Net book amount	3,780	22,650	68,038	94,468
Year ended 31 December 2014				
Opening net book amount	3,780	22,650	68,038	94,468
Additions	-	2,273	-	2,273
Disposals	-	(2,943)	-	(2,943)
Depreciation charge	(2,101)	(7,300)	(13,607)	(23,008)
Closing net book amount	1,679	14,680	54,431	70,790
At 31 December 2014				
Cost	23,760	114,552	223,091	361,403
Accumulated depreciation	(22,081)	(99,872)	(168,660)	(290,613)
Net book amount	1,679	14,680	54,431	70,790

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
13. Non-Current Assets – Exploration costs and mine properties		
Exploration phase property costs		
Deferred geological, geophysical, drilling and other expenditure - at cost	455,767	446,755
Mine properties – at cost	499,210	499,210
Less: Accumulated amortisation	(314,111)	(314,111)
Total mine properties	185,099	185,099
Total exploration costs and mine properties	640,866	631,854

The above capitalised expenditure carried forward above has been determined as follows:

	2014 $	2013 $
Exploration expenditure		
Opening balance	446,755	441,289
Expenditure incurred (refunded) during the year	9,012	5,540
Expenditure transferred to mine properties	-	-
(Exploration abandoned) payment refunded	-	(74)
Closing balance as shown above	455,767	446,755
Mine properties		
Opening balance	185,099	185,099
Expenditure transferred from exploration expenditure	-	-
Expenditure incurred during the year	-	-
Amortisation during the year	-	-
Closing balance as shown above	185,099	185,099

14. Non-Current Assets – Other assets

	2014 $	2013 $
Security deposits	14,800	14,800

15. Current Liabilities – Trade and other payables

	2014 $	2013 $
Trade payables	49,919	49,752
Other payables	44,659	64,441
	94,578	114,193

16. Current Liabilities – Short term interest bearing liabilities

	2014 $	2013 $
Finance loan	9,400	9,737

	2014 $	2013 $
17. Non-Current Liabilities – Provisions		
Employee benefits – Long service leave	3,247	4,873
	=======	=======

18. Equity – Contributed equity

	2014 Shares	2013 Shares	2014 $	2013 $
(a) Share capital				
Ordinary shares				
Fully paid	27,132,127	26,527,127	5,331,711	5,210,711
	=========	=========	========	========

(b) Movements in ordinary share capital:

Date	Details	Number of Shares	Issue Price	$
1 January 2013	Opening balance	25,927,127		5,090,711
14 March 2013	Shares issued	100,000	$0.20	20,000
29 April 2013	Shares issued	150,000	$0.20	30,000
26 August 2013	Shares issued	300,000	$0.20	60,000
5 November 2013	Shares issued	50,000	$0.20	10,000
31 December 2013	Balance	26,527,127		5,210,711
31 January 2014	Shares issued	275,000	$0.20	55,000
15 May 2014	Shares issued	140,000	$0.20	28,000
26 August 2014	Shares issued	15,000	$0.20	3,000
2 September 2014	Shares issued	125,000	$0.20	25,000
29 September 2014	Shares issued	50,000	$0.20	10,000
31 December 2014	Closing balance	27,132,127		5,331,711

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

18. Equity – Contributed equity (continued)

(d) Options

Unissued ordinary shares under option as at 31 December 2014 are as follows:

Grant date	Expiry date	Exercise price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Options expired during the year Number	Balance at the end of the year Number	Vest and exercisable at the end of the year Number
Issued under employee option plan								
2/4/07	30/6/14	$1.50	1,600,000	-	-	(1,600,000)	-	-
9/4/07	30/6/14	$1.50	266,667	-	-	(266,667)	-	-
28/2/08	30/6/14	$1.50	250,000	-	-	(250,000)	-	-
			2,116,667	-	-	(2,116,667)	-	-

Information relating to the Opal Horizon Employee Share Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 26.

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy to capital risk management is unchanged from prior years.

The capital structure of the Company includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Company.

The Company monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure, and mining operations. The Company's exposure to borrowings as at 31 December 2014 totals $9,400 (2013: $9,737). The Company will continue to use capital market issues to satisfy anticipated funding requirements.

	2014 $	2013 $
19. Accumulated losses		
Accumulated losses at the beginning of the financial year	(4,409,225)	(4,229,351)
Loss for the year	(154,971)	(179,874)
Accumulated losses at the end of the financial year	(4,564,196)	(4,409,225)

20. Key management personnel disclosures

(a) Directors

The following persons were directors of Opal Horizon Limited during the financial year:
D J Horton – *Executive director*
W J Ife – *Executive director*
J D I Hargreave – *Non-executive director*
J E Siemon – *Non-executive director*

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Opal Horizon Limited and other key management personnel, including their personally related parties, are set out below.

2014 Name	Balance at the start of the year	Granted during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Opal Horizon Limited						
D J Horton	666,667	-	(666,667)	-	-	-
WJ Ife	-	-	-	-	-	-
J D I Hargraves*	-	-	-	-	-	-
J E Siemon	-	-	-	-	-	-

2013 Name	Balance at the start of the year	Granted during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Opal Horizon Limited						
D J Horton	1,628,620	-	(961,953)	-	666,667	666,667
WJ Ife	-	-	-	-	-	-
J D I Hargraves	-	-	-	-	-	-
J E Siemon	388,334	-	(388,334)	-	-	-

* Ceased / appointed a director during the year.

(ii) Share holdings

The number of ordinary shares in the Company held during the financial year by each director of Opal Horizon Limited and other key management personnel, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

2014 Name	Balance at the start of the year	Placements during the year	Other changes during the year	Balance at the end of the year
Directors of Opal Horizon Limited				
D J Horton	1,990,574	-	-	1,990,574
W J Ife	-	-	-	-
J D I Hargraves*	-	-	-	-
J E Siemon	1,793,334	225,000	-	2,018,334

2013 Name	Balance at the start of the year	Placements during the year	Other changes during the year	Balance at the end of the year
Directors of Opal Horizon Limited				
D J Horton	1,990,574	-	-	1,990,574
W J Ife	-	-	-	-
J D I Hargraves	-	-	-	-
J E Siemon	1,543,334	250,000	-	1,793,334

* Ceased / appointed a director during the year.

20. Key management personnel disclosures (continued)

(c) Other transactions with key management personnel

	2014* $	2013 $
Payment of management or consultant fees to a Director related entities on normal commercial terms and conditions:		
Horton Geoscience Pty Ltd (related entity of David Horton)	-	47,606
Ife Industries, Inc (related entity of Walter Ife)	-	30,973
The Permian Company Ltd (related entity of David Hargreaves)	-	3,000
	------------	-------------
	-	81,579
	=======	=======
Sales to Horton Geoscience Pty Ltd	-	737
	=======	=======

**refer to note 22 (ii)*

21. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2014 $	2013 $
BDO Audit Pty Ltd		
Audit or review of the financial report	12,000	18,600

22. Commitments and Contingent Liabilities

No provision has been made for the following in the financial statements of the Company:

(i) 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.

(ii) Following Opal Horizon Limited listing on a recognised stock exchange or completing a minimum capital raising of AUD$1m, the Company will have an obligation to pay David Horton an amount in either cash or shares of up to AUD $230,000 and Walter Ife an amount of up to USD$120,000, as compensation for past services for which they have not been remunerated.

(iii) So as to maintain current rights to tenure of various exploration and mining tenements, the Company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements, inclusive of tenement applications granted subsequent to 31 December 2014, are as follows:

22. Commitments and Contingent Liabilities (continued)

	2014 $	2013 $
Exploration expenditure commitments		
Payable within 1 year	42,200	25,000
Payable between one and five years	238,000	35,000
	280,200	60,000
Rental on granted tenements		
Payable within 1 year	10,298	2,990
Payable between one and five years	22,491	11,958
Payable greater than five years	-	23,100
	32,789	38,048

Outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. Cash security bonds totalling $14,800 (2013: $14,800) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

23. Reconciliation of net profit / (loss) to net cash flows from operating activities

	2014 $	2013 $
Profit / (loss) for the year	(154,971)	(179,874)
Depreciation and amortisation	23,008	23,459
Profit on sale of fixed assets	(1,966)	(1,887)
Share based payment	-	-
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables	30,660	(31,372)
Decrease / (increase) in inventories	5,485	-
Increase / (decrease) in payables	1,425	20,815
Increase / (decrease) in provisions	(7,666)	(801)
Net cash flows from operating activities	(104,025)	(169,660)

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	2014 $	2013 $
Cash at bank and on hand	45,943	50,680

24. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 20.

25. Events occurring after the balance sheet date

The Company made placements of 275,000 fully paid ordinary shares since the end of the financial year at an issue price of 20 cents each raising a total of $55,000 in contributed equity.

There have been no other matters or circumstances have arisen since the end of the financial 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 31 December 2014.

26. Share-based payments

(a) Employee Option Plan

Options were granted under the Opal Horizon Limited Employees and Officers Option Plan 2007 which was approved by shareholders at the 2007 Annual General Meeting. All employees, Directors and consultants are eligible to participate in the plan. To determine who is eligible to participate in the plan, the Board may consider, amongst other things, the position held by the employee or contractor, their length of service and the contribution made to the Company. Each option entitles the holder to subscribe for, and be issued, one fully paid share. Options are to be issued for free. The number of options to be issued under the plan shall not exceed 10,000,000.

On 30 June 2014 options issued under the Option Plan expired. There are no options on issue under the plan.

Set out below are summaries of options granted under the plan that expired during the year:

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercis-able at end of the year Number
02/04/2007	30/06/2014	$1.50	1,600,000	-	-	(1,600,000)	-	-
09/04/2007	30/06/2014	$1.50	266,667	-	-	(266,667)	-	-
28/02/2008	30/06/2014	$1.50	250,000	-	-	(250,000)	-	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2013 – 0.5 years).

Fair value of options granted
The assessed fair value at grant date of options granted to the individuals is included in the remuneration tables above as the grant date is also the vesting date. Fair value at grant date was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year was nil.

27. Earnings (loss) per share

	2014 Cents	2013 Cents
(a) Basic earnings (loss) per share		
Loss attributable to ordinary equity holders of the Company	(0.6)	(0.7)
(b) Diluted earnings (loss) per share		
Loss attributable to ordinary equity holders of the Company	(0.6)	(0.7)

	2014 $	2013 $
(c) Reconciliation of earnings (loss) used in calculating earnings (loss) per share		
Basic earnings (loss) per share		
Loss from operations	(154,971)	(179,874)
Diluted earnings (loss) per share		
Loss from operations	(154,971)	(179,874)

(d) Weighted average number of shares used as the denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	26,927,017	26,222,195
Adjustments for calculation of diluted earnings (loss) per share:		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings (loss) per share	26,927,017	26,222,195

Note 28 Entity details

The registered office and principal place of business of the Company is:

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INDEPENDENT AUDITOR'S REPORT

To the members of Opal Horizon Limited

Report on the Financial Report

We have audited the accompanying financial report of Opal Horizon Limited, which comprises the balance sheet as at 31 December 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Opal Horizon Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Opal Horizon Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd

BDO

C J Skelton
Director

Brisbane, 29 April 2015