

NEWSLETTER TO SHAREHOLDERS – AUGUST 2016

As you were previously advised, our aim this year was to selectively mine two high-grade opal-rich zones in deeper ground on our Mining Lease at Jundah identified through re-interpretation of previous work; one on the Raindance deposit (open cut operation) and the other at The Big Girl deposit (underground).

With limited funds available and the potential for cost blowouts on the planned underground operation, we elected to initially confine our mining activities to the open cut zone on the Raindance deposit. Despite significant delays caused by rain and flooding of the pit as it was being dug, removal of almost 6m of overburden from an area of dimensions 60 x 15m began in early July and was completed two weeks ago.

The next step involved using an excavator in the bottom of the pit to mine out the opal horizon, a further 2 to 3m down.

Success at last!

One of the realities of opal mining is that the better the ground, the slower the mining. If you are mining very rich ground, you want to ensure that every piece of opal is recovered and it takes time to sort through every bucket-load of material being extracted from the opal horizon. A missed stone may mean missing out on tens of thousands of dollars.

We are absolutely delighted to inform you that our mining operations at Jundah have slowed way, way down for the reason mentioned above.

The current trench has produced by far the best opal found on the mining lease both in terms of quantity and quality of opal. Most of it is pipe opal and the Jundah region has a reputation for producing some of the best, if not the best, pipe opal in the world. Our miners are also recovering top quality matrix, boulder and concrete opal.

For security reasons, we cannot tell you too much about the actual mining operations themselves

except to say that when we complete mining of the current trench, we have a number of extensions to the opal orebodies to follow into adjoining ground.

As we have been working feverishly to get as much mining done as possible within the allotted time/budget, we have not spent much time trying to develop a valuation on what we've extracted so far - especially given the difficulty in valuing rough opal - but our team on the ground indicate that our expectations of pulling hundreds of thousand dollars' worth of opal out of this trench could likely be realised.



We are aiming to get the mined opals back to Brisbane as quickly as possible so that they can be cut, valued and sold. There will be opportunities for shareholders to purchase some of these stones if they wish. We have included some photographs of the material being recovered in this newsletter.



The success of this trench vindicates all the hard work carried out on the lease over the last 18 months. We won't say that we'll always get it

right but there are other targets on our lease which offer as great, if not better potential, for exploitation. You will be informed of our future plans in due course.



Preference Shares

We remind existing shareholders that the Preference Share Offer instigated last year is still open. The Offer to date has been well-received by existing shareholders and we have already welcomed several new investors to the company.

The allotment of these new \$1 Preference Shares allows participants to receive from sale of opal, dividends worth \$5 per share over a period of three years. Preference Shares will convert to Ordinary Shares at maturity as will any unpaid dividends.

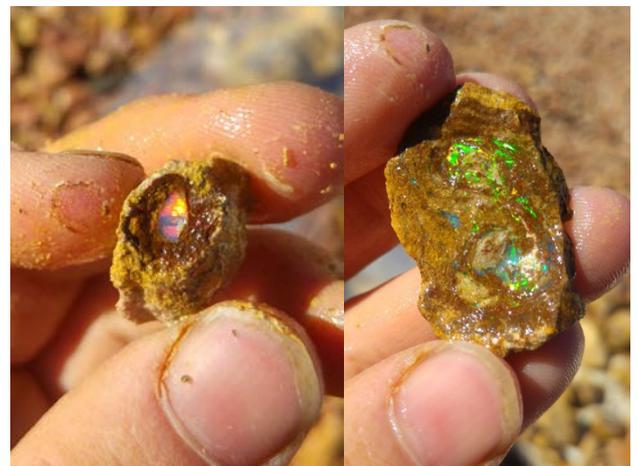
As we mentioned in our last email update sent out 10 days ago, our biggest problem is a cash flow crisis caused by rain delays and very slow mining.



We would like to thank those shareholders who have purchased Preference Shares over the last week, raising an additional \$37,000 which allowed us to continue mining. We are hopeful

we can now sell the remaining Preference Shares to continue this work. There are as of this writing only 157,000 remaining to be sold of the 500,000 originally offered last year. From this point forward, it looks as though we can now increasingly rely on income from mining and sale of gems rather than attracting new investment.

If you can assist us with funding through Preference Shares or if you know of new investors who could be interested in OHZ, please contact, in the first instance, our Managing Director David Horton whose new contact details are below.



New Offices

Please be advised that as of 18 July, Opal Horizon Limited relocated its Brisbane offices from Wickham Terrace at Spring Hill to Level 8, 46 Edward Street (cnr Edward and Margaret Streets), Brisbane.

Please note that while our web and email addresses remain the same - as does our postal address - we do have a new telephone number (07) 3232 3407.

David Horton, John Siemon, Walter Ife
Directors, Opal Horizon Ltd
15 August 2016

To ensure that we can minimise our office costs we ask that you consider receiving all future correspondence from OHZ electronically. Please email your contact detail to enquiries@opalhorizon.com