

**ASX:NHO**

Released: 31 July 2014

Directors & Management**Tony Brennan**
Non Executive Chairman**Michael Placha**
Managing Director**Carl Coward**
Non Executive Director**Mark Sanders**
Non Executive Director**Gary Steinepreis**
Non Executive Director**Registered Office**Level 1, 33 Ord Street
West Perth WA 6005
Australia
T: +61 8 9420 9300
admin@newhorizonminerals.com.au**ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 JUNE 2014**

The Board of Directors of New Horizon Coal Ltd (ASX: **NHO**, "the **Company**") is pleased to provide a summary of activities undertaken on the Kinney Coal Project (the **Project**), Utah, USA during the quarter ending 30 June 2014.

Highlights for the June Quarter:

- Continued investment and financing discussions with multiple prospective investors
- Continued refining port, logistics and marketing strategies
- Advanced negotiations for domestic off-take supply agreements
- Continued engineering and procurement work on the Kinney Coal Project Bankable Feasibility Study ("BFS") to further reduce project CAPEX

Subsequent events and objectives for September quarter:

- Appointment of Tony Brennan as Chairman
- Complete strategic review of investment and financing options
- Complete entitlement offer to raise \$1.18m

Financing Progress and Strategic Review

The Company continued its discussions with several prospective investors for equity and off-take/marketing interests in the Project.

Financing terms under discussion have focussed on providing the necessary capital to complete the BFS and acquire the Long Canyon LBA.

As part of this process, a strategic review in relation to its investment in the Project in Utah, USA has commenced to review the status of these negotiations and also consider a sale of part or all of its interest in the Project.

The Board will investigate all possible options for the Project in order to maximize value to NHO shareholders and consider new projects. The Company will consider new projects in all business sectors.

Board appointment

The Board have appointed Tony Brennan as Chairman.

Mr Brennan is a Chartered Accountant with a career of 30 years. He was previously a partner in an Australian national accounting firm, and has extensive hands on experience in financial management. Since leaving the accounting profession in 1990 he has played a leading role in a number of Australian resource companies, including the role of Managing Director and Chairman of a number of ASX or London Stock Exchange (LSE) listed companies.

In 2004 he founded Delta Capital Pty Limited to provide boutique investment banking and corporate advisory service principally to the natural resources sector with a special focus on conventional and alternative energy companies.

He is currently Chairman of LSE listed Acorn Minerals plc.

Mr Steinepreis will continue to act as a non-executive director and company secretary.

**Project risk**

Pursuant to the terms of the Asset Purchase Agreement for the Project as announced on 31 March 2014, the Company must meet various payment obligations. There is a risk that, if the Company cannot meet its obligations under the agreement or renegotiate the terms of the agreement, the Company may lose its rights to the Project.

Entitlement offer

The Company will undertake a non-renounceable entitlement offer of 1 new share for every 1 ordinary share held, at an issue price of \$0.01 per share to raise \$1.18m less costs associated with the capital raising. This entitlement offer is fully underwritten by CPS Capital Group Pty Ltd, subject to standard terms and conditions and the execution of an Underwriting Agreement, with Delta Capital Pty Ltd placing half of any shortfall. The funds raised will support the working capital of the Company, fund the strategic review and allow funds to investigate new business opportunities.

Shareholders will be advised of key dates as soon as the entitlement offer document is finalised.

Interim Funding

The Board has arranged for a Director's Loan to ensure continued operations while the Company completes its evaluation and as whilst the entitlement offer is being undertaken. The Board has approved funding in the amount of up to A\$100,000, which is interest free and unsecured. At 30 June 2014, \$30,000 had been drawn down on this facility.

ASX Listing Rule 5.3.3

The consolidated entity has a 100% interest in the Kinney Coal Project – permit number C0070047 in Scofield, Utah, USA and there have been no changes in the current quarter.

Enquiries**New Horizon Coal Ltd**

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NEW HORIZON COAL LTD

ABN

61 143 932 110

Quarter ended ("current quarter")

30 JUNE 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) administration	(15)	(172)
(c) occupancy	(7)	(57)
(d) corporate compliance	(1)	(30)
(e) management services	(16)	(121)
(f) audit services	(14)	(37)
(g) employment on-costs	(5)	(19)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	8
1.5 Interest and other costs of finance paid		
1.6 Other (net GST activity - BAS)	1	3
1.7 Other		
Net Operating Cash Flows	(56)	(425)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) exploration & evaluation capitalised	(55)	(439)
(c) other fixed assets		
(d) due diligence & transaction expenses		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid to other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(55)	(439)
1.13 Total operating and investing cash flows (carried forward)	(111)	(864)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(111)	(864)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Cost of shares & options issued		
1.16	Proceeds from borrowings	30	52
1.17	Repayment of borrowings	-	(22)
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	30	30
	Net increase (decrease) in cash held	(81)	(834)
1.20a	Cash at beginning of quarter/year to date	122	875
1-20b	Cash acquired due to acquisition of prospect		
1.21	Exchange rate adjustments to item 1.20a		
1.22	Cash at end of quarter	41	41

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	52
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary, Super (Net after PAYG) and Fees paid to directors and/or director related entities	- 52
Payments are net of any applicable GST	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	100	30
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	40
4.2 Development	-
4.3 Production	-
4.4 Administration	20
Total	60

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	41	122
5.2 Deposits at call	-	-
5.3 Term deposit (USD account)	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	41	122

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	-	-	-	-
	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	-	-	-	-
	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Class B 10,000,000	-	-	-
	Class C 10,000,000	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities 118,000,000	118,000,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>	78,500,000	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31/12/2014
		5,000,000	\$0.50	30/11/2016
		5,500,000	\$0.30	26/04/2016
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Gary Steinepreis
Director
July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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