



NEW HORIZON COAL LTD
ACN 143 932 110

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to \$1,180,000 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by CPS Capital Group (**Underwriter**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.



IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES	3
4.	DETAILS OF THE OFFER.....	9
5.	PURPOSE AND EFFECT OF THE OFFER.....	12
6.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	16
7.	RISK FACTORS	18
8.	ADDITIONAL INFORMATION	25
9.	DIRECTORS' AUTHORISATION	36
10.	GLOSSARY	37

1. CORPORATE DIRECTORY

Directors

Mr Anthony Brennan (Chairman)
Mr Michael Placha (Managing Director)
Mr Gary Steinepreis (Non-Executive Director)
Mr Carl Coward (Non-Executive Director)

Company Secretary

Mr Gary Steinepreis

Registered Office

Level 1, 33 Ord Street
WEST PERTH WA 6005

Telephone: + 61 8 9420 9300

Email: admin@newhorizonminerals.com.au

Website: <http://www.newhorizoncoal.com.au>

Share Registry*

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone (Australia): 1300 787 272

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Underwriter

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
PERTH WA 6000

*These entities are included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Announcement of Offer	2 July 2014
Lodgement of Prospectus with the ASIC	8 August 2014
Lodgement of Prospectus & Appendix 3B with ASX	8 August 2014
Notice sent to Optionholders	12 August 2014
Notice sent to Shareholders	12 August 2014
Ex date	13 August 2014
Record Date for determining Entitlements	15 August 2014
Prospectus sent out to Shareholders & Company announces this has been completed	20 August 2014
Last date to extend Offer	26 August 2014
Closing Date* (5:00pm (WST))	29 August 2014
Shares quoted on a deferred settlement basis	1 September 2014
ASX notified of under subscriptions	3 September 2014
Issue date/Shares entered into Shareholders' security holdings	5 September 2014
Normal trading of Shares commences*	8 September 2014

*The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 8 August 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

3.1 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

3.2 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

A summary of some of the key risks include:

Risk	Description	Reference in Prospectus
Potential for dilution	Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised, the number of Shares in the Company will increase from 118,000,000 currently on issue, to 236,000,000. This means that each Share will represent a lower proportion of the ownership of the Company.	7.2(a)
Risks Relating to the Kinney Project	The Company conducts its activities in Utah in the USA with its primary asset being the interest in the Kinney Project. The Directors believe that the Utah State Government support the development of natural resources projects. However there is no assurance that future political and economic conditions in the USA will not result in the Government of Utah and/or the Federal Government of the USA adopting different policies regarding foreign development and ownership of mineral resources.	7.2(b)
Contractual Risks	Pursuant to the terms of the revised Asset Purchase Agreement (APA) for the Kinney Coal Project as announced on 31 March 2014, the Company must meet various	7.2(c)

Risk	Description	Reference in Prospectus
	<p>payment obligations through a series of promissory notes with US\$1 million is due on 30 November 2014, US\$1 million on 31 March 2015, and then an annual minimum payment of US\$1 million is payable from 30 November 2015 until the promissory notes are repaid in full.</p> <p>There is a risk that, if the Company cannot meet its obligations under the APA or successfully renegotiate the APA, the Company may lose its rights to the Kinney Coal Project. If the promissory notes are not redeemed, the APA provides for the project to be transferred back to the vendor in full satisfaction of any obligations under the APA. The Company is using its best endeavours to meet and satisfy its obligations pursuant to the acquisition of the Kinney Coal Project as it continues its efforts to secure a partner for investment in the Kinney Project.</p>	
<p>Additional Requirements for Capital</p>	<p>The Company's capital requirements depend on numerous factors. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and may result in loss of tenure, as the case may be.</p>	<p>7.2(d)</p>
<p>International Operations</p>	<p>International sales and operations are subject to a number of risks, including:</p> <ul style="list-style-type: none"> a) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems; b) potential difficulties in protecting intellectual property; c) increases in costs for transportation and shipping; and d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes. <p>Any of these factors could materially and adversely affect the Company's business,</p>	<p>7.2(e)</p>

Risk	Description	Reference in Prospectus
	results of operations and financial condition.	

3.3 Directors Interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Anthony Brennan ¹	13,550,360 ²	10,100,000 ³	13,550,360	135,503
Michael Placha	654,546	10,454,546 ⁴	654,546	6,545
Gary Steinepreis ⁵	6,812,186	4,912,186	6,812,186	68,121
Carl Coward ⁶	15,966,727	1,336,364	15,966,727	159,667

Notes:

1. Anthony Brennan also has an interest in 2,000,000 Class B Performance Shares and 2,000,000 Class C Performance Shares
2. 12,000,360 held by Brennan Super (WA) Pty Ltd as trustee for the Brennan Superannuation Fund, 450,000 held by Delta Enterprises Pty Ltd and 1,100,000 held by Julie Anne Brennan
3. 9,550,000 held by Brennan Super (WA) Pty Ltd as trustee for the Brennan Superannuation Fund, 450,000 held by Delta Enterprises Pty Ltd and 100,000 held by Julie Anne Brennan
4. 5,454,546 listed Options and 5,000,000 unlisted Options
5. Gary Steinepreis holds his interests in shares and options directly in his own name and indirectly through Jacqueline Steinepreis, Leisurewest Consulting Pty Ltd as trustee for the LeisureWest Trust, Oakhurst Enterprises Pty Ltd, Ascent Capital Holdings Pty Ltd, Ascent Capital Pty Ltd and Ascent Minerals Pty Ltd
6. Carl Coward holds his interests in his own name and also indirectly through Budo HO A/C. Carl Coward also has an interest in 4,000,000 Performance Shares; 2,000,000 of which are Class B and 2,000,000 of which are Class C

The Board advises that all Directors currently intend to take up their respective Entitlement in full. Further certain of the Directors are involved in sub-underwriting the Offer. Please refer to sections 3.5 and 3.6 below for further information.

3.4 Substantial Holders

As at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Carl Coward ¹	15,966,727	13.53
Brennan Super (WA) Pty Ltd <ATF Brennan Superfund A/C>	13,550,360	11.48
Lujeta Pty Ltd <The Margaret Account>	10,000,000	8.47
Mr Anastasios Arima and Moshos Family Investments Pty Ltd <Moshos Family A/C>	7,278,861	6.17

Ascent Capital Holdings Pty Ltd and Gary Steinepreis and associated entities	6,812,186	5.77
--	-----------	------

1. Carl Coward's interest is held both in his own name and by Carl Coward <Budo HO A/C>

In the event all Entitlements are accepted, there will be no change to the substantial holders on completion of the Offer other than, and to the extent, that Shares are required to be taken up by Delta Capital Pty Ltd and/or Oakhurst Enterprises Pty Ltd pursuant to the sub-underwriting. Please refer to Sections 3.5 and 3.6 of this Prospectus for further information.

3.5 Underwriting

The Offer will be fully underwritten by the CPS Capital Group. Refer to section 8.4 of this Prospectus for details of the terms of the underwriting.

Delta Capital Pty Limited (**Delta**) has agreed to sub-underwrite 35% of any Shortfall under the Offer. Mr Brennan is an Executive Director of Delta and Mr Coward is an Associate Director of Delta. Mr Brennan is also the executive director and company secretary for Delta Capital and the sole shareholder through his private company.

Oakhurst Enterprises Pty Ltd (**Oakhurst**) has agreed to sub-underwrite 15% of any Shortfall under the Offer. Mr Steinepreis is the sole director of Oakhurst and a 50% shareholder of Oakhurst.

3.6 Effect on control of the Company

The Underwriter is not presently a Shareholder of the Company. The Underwriter has advised the Company that it has agreed to allocate the Shortfall to its clients, such that neither the Underwriter nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall. Therefore, if the Underwriter is required to subscribe for the Shortfall under the Offer, in practical terms, the Underwriter will not obtain control of the Company as a result of the Underwriter underwriting the Offer.

The sub-underwriters are substantial holders of the Company and therefore, the Underwriter and the sub-underwriters have agreed that the Shortfall shall be allocated, such that no sub-underwriter, nor any party who is nominated by a sub-underwriter, will individually have voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company considers it is unlikely that no Shareholder takes up any of their Entitlement. The obligations of the Underwriter and any sub-underwriters will be reduced by a corresponding amount for the Entitlements taken up by Shareholders. The Offer has been priced to allow for successful completion of the Offer, which in turn will enable the Company to give effect to its objectives stated in section 5.1 of this Prospectus.

3.7 Potential dilution to Shareholders

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Share Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	8.47%	10,000,000	10,000,000	4.24%
Shareholder 2	5,000,000	4.24%	5,000,000	5,000,000	2.12%
Shareholder 3	1,500,000	1.27%	1,500,000	1,500,000	0.64%
Shareholder 4	400,000	0.34%	400,000	400,000	0.17%
Shareholder 5	50,000	0.04%	50,000	50,000	0.02%

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer and no Options are exercised.

3.8 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its quoted securities, including its Shares, are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.015	8 July 2014
Lowest	\$0.004	5 June 2014
Last	\$0.008	6 August 2014

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.01 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 118,000,000 Shares will be issued pursuant to this Offer to raise up to \$1,180,000.

As at the date of this Prospectus the Company has 88,500,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

The minimum subscription under the Offer is \$1,180,000, being the full subscription. No shares will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**New Horizon Coal Ltd – Share Issue Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01 being the price at which Shares have been offered under the Offer.

The Directors and the Underwriter reserve the right to issue Shortfall Shares at their absolute discretion. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors or the Underwriter.

4.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.8 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.9 Overseas shareholders

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.10 Enquiries

Any questions concerning the Offer should be directed to Gary Steinepreis, Company Secretary, on +61 8 9420 9300.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,180,000 (before expenses).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Kinney Coal project strategic review and on-going work programme	50,000	4.24
2.	New Project generation, investigation and due diligence	750,000	63.56
3.	Repayment of Director Loan ¹	100,000	8.47
4.	Expenses of the Offer ²	105,000	8.90
5.	Working capital and administrative expenses	175,000	14.83
	Total	1,180,000	100.00

Notes:

- ¹ As announced on 2 July 2014, the Company has executed a loan facility agreement with Oakhurst Enterprises Pty Ltd, a party which is related to one of the directors of the Company (Gary Steinepreis), in relation to a loan facility in a principal amount of \$100,000 (**Director Loan**). To date, this loan is drawn down to the extent of \$85,000 and this amount is expected to rise to \$100,000 by the completion of the Offer. This loan is unsecured, interest free and is to be repaid out of the funds raised from the Offer.
- ² Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- increase the cash reserves by \$975,000 (after deducting the estimated expenses of the Offer and repayment of the Director Loan) immediately after completion of the Offer; and
- increase the number of Shares on issue from 118,000,000 as at the date of this Prospectus to 236,000,000 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2014 and the unaudited pro-forma balance sheet as at 30 June 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Note	Unaudited Consolidated 30 June 2014 \$	Adjustments \$	Pro-forma Unaudited Consolidated 30 June 2014 \$
ASSETS				
Current assets				
Cash and cash equivalents	1	39,622	975,000	1,014,622
Trade and other receivables		4,168		4,168
Total current assets		43,790		1,018,790
Non-current assets				
Exploration and evaluation expenditure		22,112,051		22,112,051
Property, plant and equipment		6,832		6,832
Total non-current assets		22,118,883		22,118,883
Total assets		22,162,673		23,137,673
LIABILITIES				
Current liabilities				
Director Loan		30,000	(30,000)	-
Trade and other payables	2	82,701		82,701
Total current liabilities		112,701		82,701
Total liabilities		112,701		82,701
NET ASSETS		22,049,972		23,054,972
EQUITY				
Contributed equity	3	19,285,525	1,075,000	20,360,525
Option premium reserve		183,812		183,812
Performance share reserve		3,300,000		3,300,000
Share based payment reserve		658,297		658,297
Foreign currency translation reserve		1,634,602		1,634,602
Accumulated losses	4	(3,012,264)	(70,000)	(3,042,264)
TOTAL EQUITY		22,049,972		23,054,972

Notes on movement in account balances:

1. Increase in funds by capital raised of \$1,180,000 less costs of the Offer of \$105,000 and repayment of Director Loan of \$100,000.
2. Increase in Director Loan of \$55,000 since 30 June 2014 plus a further \$15,000 during the period of the Offer and then repayment of Director Loan of \$100,000.
3. Increase in capital by Offer amount raised of \$1,180,000 less costs of the Offer of \$105,000.
4. Administrative costs incurred during the period of the Offer.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue ¹	118,000,000
Shares offered pursuant to the Offer	118,000,000
Total Shares on issue after completion of the Offer	236,000,000

Options

	Number
Options currently on issue:	
Quoted exercisable at \$0.20 on or before 31 December 2014	78,500,000
Unquoted exercisable at \$0.50 on or before 23 November 2016	5,000,000
Unquoted exercisable at \$0.30 on or before 26 April 2016	5,000,000
New Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	88,500,000

The capital structure on a fully diluted basis as at the date of this Prospectus would be 226,500,000 Shares (assuming the Performance Share milestones were met) and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 344,500,000 Shares.

Performance Shares

	Number
Performance shares currently on issue:	
Class B Performance Shares	10,000,000
Class C performance shares	10,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	20,000,000

Terms of Performance Shares

The Performance Shares are not transferrable and will not be quoted on ASX. The Class B Performance Shares will convert to Ordinary Shares if the Company completes a bankable feasibility study and the Board makes a positive decision to mine within 36 months of the date of acquisition of the project in connection with which they were issued. The Class C Performance Shares will convert to Ordinary Shares if the Company undertakes the development and commercial production of coal within 48 months of the date of acquisition of the project in connection with which they were issued.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 Rights attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to

dividends, all dividends are to be declared and paid according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares, in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 118,000,000 currently on issue to 236,000,000. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.008 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Risks relating to the Kinney Project

The Company conducts its activities in Utah in the USA with its primary asset being the interest in the Kinney Project. The Directors believe that the Utah State Government support the development of natural resources projects. However there is no assurance that future political and economic conditions in the USA will not result in the Government of Utah and/or the Federal Government of the USA adopting different policies regarding foreign development and ownership of mineral resources.

Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company's ability to develop the Kinney Project. Changes to Utah's mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors. However, should there be any material change in the political, economic, legal and social environments in the USA, the Directors may reassess investment decisions and commitments to assets in the USA.

(c) **Contractual Risks**

Pursuant to the terms of the revised Asset Purchase Agreement (**APA**) for the Kinney Coal Project as announced on 31 March 2014, the Company must meet various payment obligations through a series of promissory notes with US\$1 million is due on 30 November 2014, US\$1 million on 31 March 2015, and then an annual minimum payment of US\$1 million is payable from 30 November 2015 until the promissory notes are repaid in full.

There is a risk that, if the Company cannot meet its obligations under the APA or successfully renegotiate the APA, the Company may lose its rights to the Kinney Coal Project. If the promissory notes are not redeemed, the APA provides for the project to be transferred back to the vendor in full satisfaction of any obligations under the APA. The Company is using its best endeavours to meet and satisfy its obligations pursuant to the acquisition of the Kinney Coal Project as it continues its efforts to secure a partner for investment in the Kinney Project.

Additionally, in order for the Company to be able to achieve its objectives in relation to the Kinney Project, the Company is reliant on the underlying owner complying with its contractual obligations to complete the transfer of the rights to the project to the Company. In the event that the underlying owner does not comply with its obligations, it may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the underlying owner will not meet and satisfy its obligations under the agreement.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time including the outcome of the strategic review in relation to the Kinney Coal Project and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and may result in loss of tenure, as the case may be.

(e) **International Operations**

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) **Exploration and Production Risks**

The business of coal exploration, project development and possible production involves inherent risk. Success depends on the successful exploration appraisal, design and construction of efficient recovery and processing facilities, competent operational and managerial performance, and efficient distribution and marketing services. Exploration is a speculative endeavour and production operations can be hampered by engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The outcome of the Company's proposed exploration, project development and production programs will affect the future performance of the Company and the price of its Shares.

If and when the Company commences production, the production may be curtailed or shut down for considerable periods of time owing to a range of factors such as disruptions to transport infrastructure, lack of market demand, government regulation, production allocations or force majeure events. In these curtailments continue for a considerable period of time, they are likely to have a materially adverse effect on the operations and/or financial position of the Company.

(h) **Foreign Exchange Rate Risk**

Any revenue received by the Company would likely be in US dollars derived from the sale of coal and a substantial portion of the Company's operating expenses would also be incurred in US dollars. Coal is sold in the USA market and around the world based principally on a US dollar price. Furthermore, the income and expenditure accounts will be prepared in Australian dollars (AUD). Therefore Australian dollar reported revenue will be directly impacted by movements in the USA dollar coal price and the USD/AUD exchange rates. Movements in the USD/AUD exchange rates may adversely or beneficially affect the Company's results or operations and cash flows.

(i) **Coal Price Volatility**

Substantially all of the Company's revenues and cash flows will be derived from the sale of coal. Therefore, the financial performance of the Company would be exposed to fluctuations in the Coal price. Historically, the Coal price has fluctuated widely and has experienced periods of significant decline. Coal prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, forward selling activity as well as general global economic conditions and political trends.

If coal prices should fall below or remain below the Company's cost of production for any sustained period due to these or other factors and events, the Company's exploration and proposed production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's leasehold tenements may require the Company to write down its coal reserves and resources and may have a material adverse effect on the Company's production, earnings and financial position.

7.3 Industry specific

(a) **Mining and Exploration Risks**

The primary business of the Company is exploration for, and commercial development of mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) unavailability of drilling, mining, processing and other equipment;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;

- (x) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (xi) delays in completing feasibility studies and obtaining development approvals; and
- (xii) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

(b) **Resource Estimations**

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(c) **Environmental**

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(d) **Competition**

The Company competes with other companies, including major mineral exploration and mining companies. These companies will likely have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(e) **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) **Weather condition risk**

Field operations including drilling may be delayed due to extreme weather conditions such as flooding, storms or cyclones.

(g) **Community risk**

Carrying out activities on site may affect the neighbouring communities and local authorities. This can be of particular concern where the Company is operating in heavily populated areas. In this situation the Company would plan to carry out community consultation to take into account these concerns. However, there is a risk that in some circumstances there could be higher than normal community concern which could result in a project being denied permission to proceed or having permission withdrawn or having conditions imposed on continuation of the activities which make it unacceptable to the Company to proceed with those activities.

7.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
07/08/2014	Final Director's Interest Notice
07/08/2014	Resignation of Director
31/07/2014	Quarterly Activities and Cashflow Report
02/07/2014	Initial Director's Interest Notice
02/07/2014	Strategic review, board appointment, entitlement offer
30/04/2014	Quarterly Activities and Cashflow Report
31/03/2014	Agreement restructure saves US\$9million
13/03/2014	Half Yearly Report and Accounts
30/01/2014	Quarterly activities and cashflow report
22/11/2013	Appendix 3B-release from escrow
15/11/2013	Results of Annual General Meeting
31/10/2013	Quarterly Cashflow Report
31/10/2013	Quarterly Activities Report
10/10/2013	Notice of Annual General Meeting/Proxy Form
09/10/2013	Change in substantial holding - Carl Coward

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.newhorizoncoal.com.au>.

8.3 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

8.4 Underwriting Agreement

Pursuant to an agreement between CPS Capital Group (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 118,000,000 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to:

- (a) pay the Underwriter an underwriting fee of 6% of AUD\$1,180,000 (plus GST, if applicable); and
- (b) reimburse the Underwriter for all costs and expenses of and incidental to the offer, provided that the amount does not exceed \$2,000 (without the prior written consent of the Company).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate, without cost or liability, its obligations under the Underwriting Agreement if:

- (a) **(Share Price)** the share price of the Company trading on the ASX under the ASX code of NHO finishes trading for 2 consecutive days with a closing share price that is less than \$0.01 between the opening and closing dates of the Offer.
- (b) **(Indices fall)** the S&P or ASX 200 Index closes on any 2 consecutive trading days before the shortfall notice deadline date 5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (c) **(Offer Document)**: the Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Offer is withdrawn by the Company;
- (d) **(No Listing Approval)**: the Company fails to lodge an appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the lodgement date;
- (e) **(No Official Quotation)**: ASX has advised the Company that it will or may not grant official quotation to the Underwritten Shares on or prior to the shortfall notice deadline date;
- (f) **(Restriction on allotment)**: the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (g) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are

unacceptable circumstances under Pt. 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

- (h) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;
- (i) **(Authorization)**: any authorization which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (j) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (k) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer; or
- (l) **(Termination Events)**: subject to (m) below, upon the occurrence of any of the following events:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any term, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date valid applications pursuant to the Offer are required to be lodged;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect in relation to the Company's assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
 - (v) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results obtained by the Underwriter, or any part of the material verifying the statements

made in the Prospectus was false, misleading or deceptive or that there was an omission from them that is materially adverse from the point of view of an investor;

- (vi) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or this Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (x) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Offer Document;
- (xi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in this Prospectus;
- (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter;
- (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;

- (xvi) **(Timetable)**: there is delay in any specified date in the timetable, which is greater than 3 Business Days;
 - (xvii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
 - (xviii) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
 - (xix) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by this Prospectus and a letter agreement entered into between the Company and the Underwriter dated 23 June 2014 (**Mandate Letter**);
 - (xx) **(Breach of Material Contracts)**: any of the material agreements of the Company as disclosed to ASX or in the Prospectus, is terminated or substantially modified;
 - (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a related company; or
 - (xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.
- (m) The events listed in (l) only entitle the Underwriter to exercise its rights of termination if, in the reasonable opinion of the Underwriter reached in good faith, the event has or is likely or reasonably expected to have a Material Adverse Effect (as defined in the Underwriting Agreement) or could give rise to a liability of the Underwriter under the Corporations Act.

The Underwriting Agreement contains a moratorium restricting the Company and any subsidiary from doing certain things without the prior written consent of the Underwriter for a period of three months from the date of the Underwriting Agreement, such as altering its capital structure other than as disclosed in the Prospectus or the Mandate Letter or disposing of, or agreeing to dispose of, a substantial part of its business.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

Refer to section 3.3 for the Directors' security holdings.

The Board advises that all Directors currently intend to take up at least a portion of their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by the Company in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Financial year ended 30 June 2013	Financial year ended 30 June 2014	Financial year ending 30 June 2015 (Estimated)
Anthony Brennan (appointed 1 July 2014)	N/A	N/A	44,000
Michael Placha	\$848,811 ¹	\$233,065 ²	125,000
Gary Steinepreis	\$36,000	\$36,000	36,000
Carl Coward	\$71,998 ³	\$71,492 ⁴	36,000

Notes:

1. Comprises salary, medical and share based remuneration.
2. Comprises salary and director/employee benefits.
3. Comprises salary, fees and superannuation payments.
4. Comprises salary, superannuation and director fees

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

CPS Capital Group will be paid an underwriting fee of \$70,800 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital has not been paid any fees by the Company. Delta will be paid a sub-underwriting fee of \$20,650 and Oakhurst will be paid a sub-underwriting fee of \$8,850, each for acting as sub-underwriters out of the

underwriting fee paid to CPS Capital Group. Neither Delta nor Oakhurst have been paid any fees by the Company during the 24 months preceding lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$11,277 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

CPS Capital Group has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. CPS Capital Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Delta has given its written consent to being named as sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Delta has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Oakhurst has given its written consent to being named as sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Oakhurst has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$105,000 (excluding GST, if applicable) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,290
ASX fees	5,145
Underwriting fees	70,800
Legal fees	10,000
Printing and other expenses	16,765
Total	105,000

8.9 Electronic prospectus

The ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9420 9300 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.newhorizoncoal.com.au>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink that reads "G Steinepreis". The signature is written in a cursive style with a large, looped initial "G".

Gary Steinepreis
Director
For and on behalf of
New Horizon Coal Ltd

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means New Horizon Coal Ltd (ACN 143 932 110).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

CPS Capital Group means CPS Capital Group Pty Ltd.

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;

- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Material Adverse Effect means:

- (a) a material adverse effect on the Offer or on the subsequent market for the Underwritten Shares (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Shares); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Share means a performance share in the capital of the Company issued on terms summarised in section 5.4 of this Prospectus.

Prescribed Occurrence means, other than as contemplated in the Mandate Letter:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act;
- (d) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (e) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (f) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (g) a Relevant Company resolving that it be wound up;
- (h) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- (i) the making of an order by a court for the winding up of a Relevant Company;
- (j) an administrator of a Relevant Company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (k) a Relevant Company executing a deed of company arrangement; or
- (l) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Relevant Company means the Company and each Subsidiary.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.6 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Subsidiary means each company which is on the date of execution of the Underwriting Agreement, or before the issue of any Shares pursuant to the Offer becomes, a subsidiary of the Company as that term is defined in the Corporations Act.

WST means Western Standard Time as observed in Perth, Western Australia.