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## ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2011

During the quarter the Company completed due diligence and acquired an advanced thermal coal project located in Utah, USA which has infrastructure (rail, water and utilities) in place (Kinney Project).

The Company will be releasing a JORC Resource report for the Kinney Project in the 1<sup>st</sup> quarter of 2012.

Significant milestones for the quarter ended 31 December 2011 include:

- Completion of due diligence and acquisition of the Kinney Project located in Utah, USA
- Hire of a strong management team with a proven track record of project delivery in North America
- Initiation of the JORC Resource Report to quantify the resource base of the Kinney Project
- Commencement of work on the Bankable Feasibility Study on the Kinney Project
- Raised \$11,550,000 in equity capital to complete the acquisition of the Kinney Project and commence the BFS

The Kinney Project is situated in the Eastern Wasatch Plateau and is located approximately 160km southeast of Salt Lake City, Utah near the town of Scofield. The permit process was successfully completed in June 2011 and targets initial production to commence in 2013. The project plan includes underground mining of two major coal seams using conventional, continuous miner sections. Entry will be via an exposed coal seam outcrop within the permitted area.

The Kinney Project includes over 2,100 hectares of mineral rights (land tenements) for two coal seams. In addition, a preliminary application for adjacent Federal Land, Mineral Coal Rights for these same two seams. Acquisition of the adjacent Federal Coal will allow the Company to significantly expand its resource base.

The Kinney Project has high quality thermal coal which has export potential. Discussions have already commenced on an evaluation of various railroad and port options.

The Kinney project is located in a mature coal-producing region in the western United States. Historical production from this region has been over 30 million tonnes of coal per annum. This region provides an experienced, local workforce combined with major mining service centers located within 50km of the portal. Existing, rail spur access is within 1km of the portal site.

# 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 MINERALS LTD

ABN

61 143 932 110

Quarter ended ("current quarter")

31 DECEMBER 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration & evaluation	(2)	(30)
(b) administration	(8)	(13)
(c) occupancy	(14)	(35)
(d) corporate compliance	(7)	(24)
(e) management services	(63)	(68)
(f) audit services	-	(13)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	51	78
1.5 Interest and other costs of finance paid		
1.6 GST paid	(61)	(71)
1.7a Other (net GST PAYG activity - BAS)	10	14
1.7b Other	(5)	(5)
<b>Net Operating Cash Flows</b>	<b>(99)</b>	<b>(167)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(6,664)	(6,664)
(b) exploration & evaluation capitalised	(84)	(84)
(c) other fixed assets		
(d) due diligence & transaction expenses	(371)	(568)
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 by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(7,119)</b>	<b>(7,316)</b>
1.13 Total operating and investing cash flows (carried forward)	(7,218)	(7,483)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(7,218)	(7,483)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	11,550	11,550
1.15	Cost of shares & options issued	(795)	(815)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	<b>Net financing cash flows</b>	<b>10,755</b>	<b>10,735</b>
<b>Net increase (decrease) in cash held</b>			
1.20a	Cash at beginning of quarter/year to date	2,084	2,369
1-20b	Cash acquired due to acquisition of prospect	127	127
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>5,748</b>	<b>5,748</b>

**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	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Fees paid to directors and/or director related entities	-	60
Office Rent and Outgoings paid to a director related entity	-	14
Salary and super paid to a director net after PAYG withheld	-	3
Payment 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

Acquisition of Delta Coal Fund Pty Ltd and Wasatch Natural Resources LLC - Kinney Coal Project in Utah, USA. Consideration for the acquisition, other than cash, was the issue of 10,000,000 fully paid ordinary shares and the issue of 30,000,000 performance shares, 10,000,000 each of class A, B and C performance shares

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	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>400</b>

### 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	374	21
5.2 Deposits at call	5,374	2,063
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,748</b>	<b>2,084</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	Permit No C0070047	Permit application conditionally approved, but not yet granted - Kinney Coal Project	-	100%

+ 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	Performance shares			
	Class A 10,000,000	-	-	-
	Class B 10,000,000	-	-	-
	Class C 10,000,000	-	-	-
7.2	Changes during quarter			
	Class A 10,000,000	-	-	-
	(a) Increases through issues Class B 10,000,000	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions Class C 10,000,000	-	-	-
7.3	<b>*Ordinary securities</b>	<b>83,000,000</b>	<b>66,950,000</b>	
7.4	Changes during quarter			
	(a) Increases through issues 62,500,000	52,500,000		
	(b) Decreases through returns of capital, buy-backs			
7.5	<b>*Convertible debt securities</b>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			
7.7	<b>Options</b> <i>(description and conversion factor)</i>	<b>73,000,000</b>	<b>73,000,000</b>	<i>Exercise price</i> <b>\$0.20</b>
		<b>10,000,000</b>	-	<b>\$0.50</b>
7.8	Issued during quarter	52,500,000	52,500,000	\$0.20
		10,000,000	-	\$0.50
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <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  
January 2012

## 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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