

**ASX:NHO**

Released: 22 October 2014

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Non Executive Director**Gary Steinepreis**
Non Executive Director**Registered Office**Level 1, 33 Ord Street
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Australia
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admin@newhorizonminerals.com.au**ACTIVITIES REPORT****FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

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

September quarter:

- **Continued strategic review of investment and financing options**
- **Completed entitlement offer to raise \$1.18m**

Financing Progress and Strategic Review

The Company continued its discussions with several prospective investors for equity and off-take/marketing interests in the Project. At this stage no firm proposals have been received.

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

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

Entitlement offer

The Company completed a non-renounceable entitlement offer of 1 new share for every 1 ordinary share held, at an issue price of \$0.01 per share to raise \$1.18m less costs associated with the capital raising. This entitlement offer was fully underwritten by CPS Capital Group Pty Ltd with sub-underwriting by Delta Capital Pty Ltd and Oakhurst Enterprises Pty Ltd for half of the shortfall. The funds raised will support the working capital of the Company, fund the strategic review and allow funds to investigate new business opportunities.

Project risk

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 sum total US\$ 6 million of 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.

**Interim Funding**

Oakhurst Enterprises Pty Ltd provided an interest free and unsecured loan of \$100,000 while the entitlement offer was being undertaken. The loan was repaid out of the proceeds of the entitlement offer.

ASX Listing Rule 5.3.3

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

Enquiries**New Horizon Coal Ltd**

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Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

NEW HORIZON COAL LTD

ABN

61 143 932 110

Quarter ended ("current quarter")

30 SEPTEMBER 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration & evaluation		
(b) administration	(24)	(24)
(c) occupancy	(3)	(3)
(d) corporate compliance	(16)	(16)
(e) management services		
(f) audit services	(3)	(3)
(g) employment on-costs	(4)	(4)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid		
1.6 Other (net GST activity - BAS)	(3)	(3)
1.7 Other		
Net Operating Cash Flows	(52)	(52)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) exploration & evaluation capitalised	(57)	(57)
(c) other fixed assets		
(d) due diligence & transaction expenses		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid to other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(57)	(57)
1.13 Total operating and investing cash flows (carried forward)	(109)	(109)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(109)	(109)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,180	1,180
1.15	Cost of shares & options issued	(71)	(71)
1.16	Proceeds from borrowings	70	70
1.17	Repayment of borrowings	(100)	(100)
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	1,079	1,079
	Net increase (decrease) in cash held	970	970
1.20a	Cash at beginning of quarter/year to date	41	41
1-20b	Cash acquired due to acquisition of prospect		
1.21	Exchange rate adjustments to item 1.20a	(1)	(1)
1.22	Cash at end of quarter	1,010	1,010

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	43
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary, Super (Net after PAYG) and Fees paid to directors and/or director related entities	- 43
Payments are net of any applicable GST	

Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	100

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	1,010	41
5.2 Deposits at call	-	-
5.3 Term deposit (USD account)	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,010	41

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	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Class B 10,000,000	-	-	-
	Class C 10,000,000	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities 236,000,000	236,000,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	118,000,000	118,000,000	1c
7.5	*Convertible debt securities			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>	78,500,000 5,000,000 5,500,000	78,500,000 - -	<i>Exercise price</i> \$0.20 \$0.50 \$0.30 <i>Expiry date</i> 31/12/2014 30/11/2016 26/04/2016
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

+ See chapter 19 for defined terms.

Compliance statement

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

Gary Steinepreis
Director
October 2014

Notes

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

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