



NEW HORIZON COAL LTD

ABN 61 143 932 110

Interim Financial Report

31 December 2014

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements dated 30 June 2014 and any public announcements made by the Company during the period from 1 July 2014 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

Tony Brennan
Non-Executive Chairman

Gary Steinepreis
Non-Executive

Michael Placha
Executive

Carl Coward
Non-Executive

Company Secretary

Gary Steinepreis

Registered Office

Level 1, 33 Ord Street
West Perth WA 6005
Telephone: 08 9420 9300
Facsimile: 08 9420 9399

Share Register

Computershare Investor Services Pty Ltd
Reserve Bank Building
Level 2
45 St George's Terrace
Perth WA 6000
Investor enquiries: 1300 557 010
Telephone: 08 9323 2000
Facsimile: 08 9323 2033

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: 08 6382 4600
Facsimile: 08 6382 4601

Stock Exchange Listing

New Horizon Coal Limited shares are listed on
the Australian Securities Exchange (ASX),
home branch, Perth.
Code: Shares – NHO

Website

www.newhorizoncoal.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of New Horizon Coal Ltd and the entities it controlled at the end of, or during, the half year ended 31 December 2014 (**New Horizon Coal** or **the Company** or **Group**).

DIRECTORS

The names of each person who has been a director during the interim reporting period and to the date of this report are:

Tony Brennan – appointed 2 July 2014

Gary Steinepreis

Michael Placha

Carl Coward

Mark Sanders – resigned 7 August 2014

COMPANY SECRETARY

The company secretary is Gary Steinepreis.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The principal activity of the Group has been the exploration, evaluation and development of the Kinney Coal Project located in Utah, USA. In addition, and as part of the working capital budget, the Company has been pursuing new projects in all business sectors.

During the period, the Company continued its discussions with several prospective investors for equity and off-take/marketing interests in the Project. No firm proposals were received.

On 19 September 2014, the Directors advised that the Company had issued 118,000,000 ordinary shares at an issue price of 1 cent each to raise \$1,180,000 (before costs of the offer) under the fully underwritten entitlement issue.

The funds were raised to support the working capital of the Company, fund the strategic review and allow funds to actively investigate new business opportunities in all business sectors, including those outside the mining sector.

OPERATING RESULT

The profit from operations for the half year ended 31 December 2014 after providing for income tax was \$3,127,773 (2013: Loss \$378,057). The total comprehensive income for the half year ended 31 December 2014 after providing for income tax was \$3,127,695 (2013: \$56,619).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report.

REVIEW OF OPERATIONS (continued)

AFTER REPORTING DATE EVENTS

On 8 January 2014, the Company announced that pursuant to the terms of the revised Asset Purchase Agreement (**APA**) for the Kinney Coal Project as announced on 31 March 2014, the Company had to make a decision between making a payment of US\$1 million or returning the Project to the original owners and retaining no interest and having no ongoing commitments.

The Company held discussions with Carbon Resources to vary or amend the terms of the APA however, these discussions were not been successful and subsequent to 31 December 2014, the Company has decided to transfer the Project back to the Carbon Resources in full satisfaction of any obligations under the APA.

Other than as reported above, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 of this interim report.

Signed in accordance with a resolution of the board of directors



Gary Steinepreis
Director
16 March 2015

DECLARATION OF INDEPENDENCE BY NAME OF PHILLIP MURDOCH TO THE DIRECTORS OF NEW HORIZON COAL LIMITED

As lead auditor for the review of New Horizon Coal Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of New Horizon Coal Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 16 March 2015

New Horizon Coal Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue from operations	3	5,902	6,706
Share-based payment reversal	8(h)	3,300,000	-
Expenses from operations			
Administration		(34,884)	(109,137)
Corporate compliance		(31,828)	(33,145)
Corporate management		6,000	(55,541)
Corporate advisory		-	(1,946)
Audit & non-audit services		(14,814)	(18,900)
Occupancy		(6,000)	(36,059)
Salaries and superannuation		(28,408)	(15,000)
Employment on-costs		-	(7,889)
Impairment of exploration costs		(68,195)	-
Share based payments		-	(107,146)
Total expenses from operations		<u>(178,128)</u>	<u>(384,763)</u>
Profit/(loss) before income tax		3,127,773	(378,057)
Income tax expense		-	-
Profit/(loss) after income tax for the half-year		3,127,773	(378,057)
Other Comprehensive Income/ (Loss)			
Items that will be reclassified to profit or loss			
Foreign currency translation difference		(78)	434,676
Total comprehensive income for the period attributable to the members of New Horizon Coal Ltd		<u>3,127,695</u>	<u>56,619</u>
		Cents	Cents
Loss per share for loss from operations attributable to the ordinary equity holders of the Company:			
Basic profit/(loss) per share		1.48	(0.32)
Diluted loss per share		n/a	n/a

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

New Horizon Coal Ltd
Consolidated Statement of Financial Position
As At 31 December 2014

	Note	31 Dec 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		873,781	40,872
Trade and other receivables		6,266	4,408
Total current assets		880,047	45,280
Non-current assets			
Exploration and evaluation expenditure	4	-	-
Property, plant and equipment	5	-	3,853
Total non-current assets		-	3,853
Total assets		880,047	49,133
LIABILITIES			
Current liabilities			
Trade and other payables	6	28,378	82,339
Borrowings	7	-	30,000
Total current liabilities		28,378	112,339
Total liabilities		28,378	112,339
NET ASSETS/ (LIABILITIES)		851,669	(63,206)
EQUITY			
Contributed equity	8(a)	20,372,705	19,285,525
Option premium reserve	8(c)	183,812	183,812
Performance share reserve	8(h)	-	3,300,000
Share based payment reserve	8(e)	92,209	92,209
Foreign currency translation reserve		1,872,083	1,872,161
Accumulated losses		(21,669,140)	(24,796,913)
TOTAL EQUITY/ (DEFICIENCY IN EQUITY)		851,669	(63,206)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

New Horizon Coal Ltd
Consolidated Statement of Changes in Equity
Half Year Ended 31 December 2014

2014	Contributed equity	Option premium reserve	Share reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance 1 July	19,285,525	183,812	3,392,209	1,872,161	(24,796,913)	(63,206)
Loss for the half-year	-	-	-	-	3,127,773	3,127,773
Exchange difference on foreign operations	-	-	-	(78)	-	(78)
Total comprehensive gain (loss) for the half year	-	-	-	(78)	3,127,773	3,127,695
Transactions with owners in their capacity as owners:						
Share-based payment reversal	-	-	(3,300,00)	-	-	(3,300,000)
Share issued placement	1,180,000	-	-	-	-	1,180,000
Share based payments	-	-	-	-	-	-
Transaction costs	(92,820)	-	-	-	-	(92,820)
Balance 31 December	20,372,705	183,812	92,209	1,872,083	(21,669,140)	851,669
2013	Contributed equity	Option premium reserve	Share reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance 1 July	19,285,525	183,812	3,744,005	2,109,556	(2,365,532)	22,957,366
Loss for the half-year	-	-	-	-	(378,057)	(378,057)
Exchange difference on foreign operations	-	-	-	434,676	-	434,676
Total comprehensive loss for the half year	-	-	-	434,676	(378,057)	56,619
Transactions with owners in their capacity as owners:						
Share based payments	-	-	107,146	-	-	107,146
Balance 31 December	19,285,525	183,812	3,851,151	2,544,232	(2,743,589)	23,121,131

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

New Horizon Coal Ltd
Consolidated Statement of Cash Flows
Half Year Ended 31 December 2014

	2014	2013
	\$	\$
Cash flow from operating activities		
Interest received	5,902	6,706
Payments to suppliers and employees	(141,073)	(296,308)
	(135,171)	(289,602)
Cash flows from investing activities		
Exploration and evaluation	(90,495)	(286,005)
	(90,495)	(286,005)
Cash flows from financing activities		
Proceeds from short term loans	70,000	21,854
Repayment of borrowings	(100,000)	(21,854)
Proceeds from issues of shares	1,180,000	-
Cost of shares issued	(90,530)	-
	1,059,470	-
Net decrease in cash and cash equivalents	833,804	(575,607)
Cash and cash equivalents at the beginning of the period	40,872	876,951
Effect of exchange rate changes on cash and cash equivalents	(895)	(4,344)
Cash and cash equivalents at the end of the period	873,781	297,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose interim financial report includes the financial statements and notes of New Horizon Coal Ltd, a public limited entity, and its controlled entities for the half-year ended 31 December 2014.

(a) Basis of preparation

The consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. They do not include all of the information required for full annual financial statements and should be read in conjunction with annual report dated 30 June 2014 any public announcements made by the Company during the period from 1 July 2014 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

In the half year ended 31 December 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

2 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in one operating segment being the mining and exploration sector and two geographic locations, those being, Australia and the United States of America.

The chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources. The areas of interest are contained within separate operating entities and geographic locations and are reported on accordingly.

New Horizon Coal Ltd
Notes to the Consolidated Interim Financial Statements
For the Half Year Ended 31 December 2014

2 Segment Information (continued)

The directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified and the following disclosure is provided.

31 December 2014	New Horizon Coal - Australia	Kinney Coal Project – USA	Consolidated
	\$	\$	\$
Income	3,305,902	-	3,305,902
Expenses	(90,345)	(87,784)	(178,129)
Operating profit / (loss)	3,215,557	(87,784)	3,127,773

Assets

Cash & cash equivalents	872,685	1,096	873,781
Other receivables	6,266	-	6,266
	878,951	1,096	880,047

Liabilities

Other payables	28,378	-	28,378
	28,378	-	28,378

Net Assets	850,573	1,096	851,669
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31 December 2013	New Horizon Coal - Australia	Kinney Coal Project – USA	Consolidated
	\$	\$	\$
Income	6,706	-	6,706
Expenses	(278,399)	(106,364)	(384,763)
Operating profit / (loss)	(271,693)	(106,364)	(378,057)

2 Segment Information (continued)

30 June 2014	New Horizon Coal - Australia	Kinney Coal Project – USA	Consolidated
	\$	\$	\$
Assets			
Cash & cash equivalents	9,767	31,105	40,872
Other receivables	4,408	-	4,408
Property, plant and equipment	-	3,853	3,853
	14,175	34,958	49,133
Liabilities			
Other payables	84,922	27,417	112,339
	84,922	27,417	112,339
Net Assets	(70,747)	7,541	(63,206)

New Horizon Coal Ltd
Notes to the Consolidated Interim Financial Statements
For the Half Year Ended 31 December 2014

3	Revenue from operations	Dec 2014	Dec 2013
		\$	\$
	Interest received	5,902	6,706
		5,902	6,706
4	Exploration and evaluation expenditure	31 Dec 2014	30 June 2014
		\$	\$
	Opening net book amount – Kinney project	-	22,173,241
	Exploration additions	-	393,759
	Impairment of exploration costs	-	(22,348,274)
	Foreign currency translation movement	-	(218,726)
	Closing net book amount – Kinney project	-	-
5	Property, Plant and Equipment	31 Dec 2014	30 June 2014
		\$	\$
	Office Equipment		
	Opening net book value	3,853	7,057
	Plus acquisitions during the period	-	-
		3,853	7,057
	Less depreciation expense during the period	(3,853)	(3,064)
	Foreign currency translation movement	-	(140)
	Closing net book amount	-	3,853
6	Trade and Other Payables	31 Dec 2014	30 June 2014
		\$	\$
	Current and unsecured	28,378	82,339
		28,378	82,339
7	Short Term Loans	31 Dec 2014	30 June 2014
		\$	\$
	Current, unsecured and interest free	-	30,000
		-	30,000

Short term loans were provided to the Company by related party entities for ongoing working capital. The loan was unsecured and interest free and in the amount of \$100,000 by Oakhurst Enterprises Pty Ltd, a related party of Gary Steinepreis, a director of the Company. The loan funds were made available on 26 June 2014 and were repaid in full on 19 September 2014.

New Horizon Coal Ltd
Notes to the Consolidated Interim Financial Statements
For the Half Year Ended 31 December 2014

8 Contributed Equity

(a) Share Capital	31 Dec 2014 Shares	31 Dec 2014 \$	30 June 2014 Shares	30 June 2014 \$
Ordinary shares fully paid	236,000,000	20,372,705	118,000,000	19,285,525

(b) Movement in Ordinary Share Capital

2014		Number of shares	Issue price	Amount \$
Date	Details			
01/07/2014	Opening balance	118,000,000		19,285,525
05/09/2014	Capital Raising	118,000,000	0.01	1,180,000
30/09/2014	Cost of share issued	-		(92,820)
31/12/2014	Balance	236,000,000		20,372,705

2013		Number of shares	Issue price	Amount \$
Date	Details			
01/07/2013	Opening balance	118,000,000		19,285,525
31/12/2013	Balance	118,000,000		19,285,525

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Options	31 Dec 2014 Number	31 Dec 2014 \$	30 June 2014 Number	30 June 2014 \$
	10,500,000	183,812	89,000,000	183,812

(d) Movement in Options

2014		Number of options	Amount \$
Date	Details		
01/07/2014	Opening balance	89,000,000	183,812
31/12/2014	Expiry of listed options	(78,500,000)	-
31/12/2014	Balance	10,500,000	183,812

2013		Number of options	Amount \$
Date	Details		
01/07/2013	Opening balance	89,000,000	183,812
31/12/2013	Balance	89,000,000	183,812

(e) Share Based Payments	31 Dec 2014 Number	31 Dec 2014 \$	30 June 2014 Number	30 June 2014 \$
	16,000,000	92,209	16,000,000	92,209

New Horizon Coal Ltd
Notes to the Consolidated Interim Financial Statements
For the Half Year Ended 31 December 2014

8 Contributed Equity (continued)

(f) Movement in Share Based Payments

2014		Number of	Amount
Date	Details	options	\$
01/07/2014	Opening balance	16,000,000	92,909
31/12/2014	Amortise unvested incentive options	-	-
31/12/2014	Balance	16,000,000	92,909

2013		Number of	Amount
Date	Details	options	\$
01/07/2013	Opening balance	16,000,000	444,005
31/12/2013	Amortise unvested incentive options	-	107,146
31/12/2013	Balance	16,000,000	551,151

(g) Performance Shares

	31 Dec 2014	31 Dec 2014	30 June 2014	30 June 2014
	Shares	\$	Shares	\$
Class B	-	-	10,000,000	1,650,000
Class C	10,000,000	-	10,000,000	1,650,000
Performance shares	10,000,000	-	20,000,000	3,300,000

In calculating the value of the performance shares issued the following inputs were used:

	Class C
Number of shares	10,000,000
Underlying share price	22 cents
Probability of achieving milestone	75%
Value of performance share	16.5 cents
Calculated value	\$1,650,000

(h) Movement in Performance Shares

2014		Number of	Issue	Amount
Date	Details	shares	price	\$
01/07/2014	Opening balance	20,000,000	16.5 cents	3,300,000
31/12/2014	Reversal of performance shares – Class C	-		(1,650,000)
31/12/2014	Expiry of performance shares – Class B	(10,000,000)		(1,650,000)
31/12/2014	Balance	10,000,000		-

During the period management re-assessed the probability of achievement of the non-market based milestones for Class C performance shares as nil. The previously expensed value of Class C performance shares was reversed to the Consolidated Statement of Profit or Loss and Other Comprehensive income. Class B shares expired at the end of the period out-of-the-money and hence were reversed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2013		Number of	Issue	Amount
Date	Details	shares	price	\$
01/07/2013	Opening balance	20,000,000	16.5 cents	3,300,000
31/12/2013	Balance	20,000,000		3,300,000

9 After Reporting Date Events

On 8 January 2014, the Company announced that pursuant to the terms of the revised Asset Purchase Agreement (APA) for the Kinney Coal Project as announced on 31 March 2014, the Company had to make a decision between making a payment of US\$1 million or returning the Project to the original owners and retaining no interest and having no ongoing commitments.

The Company held discussions with Carbon Resources to vary or amend the terms of the APA however, these discussions were not been successful and subsequent to 31 December 2014, the Company has decided to transfer the Project back to the Carbon Resources in full satisfaction of any obligations under the APA.

Other than as reported above, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

10 Contingent Liabilities

There are no contingent liabilities for the half year.

11 Commitments

Kinney Coal Project

On 8 January 2015, the Company made the decision to hand the Kinney Coal Project back to the original owners following unsuccessful negotiations to vary the terms of the Asset Purchase Agreement (APA). Following this decision, there are no commitments or contingent liabilities outstanding for the half year.

12 Related Party Transactions

Short term loans were provided to the Company by related party entities for ongoing working capital. The loan was unsecured and interest free and in the amount of \$100,000 by Oakhurst Enterprises Pty Ltd, a related party of Gary Steinepreis, a director of the Company. The loan funds were made available on 26 June 2014 and were repaid in full on 19 September 2014.

13 Fair Value Measurement of Financial Instruments

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to its short-term nature, the carrying amount of current trade and other receivables is assumed to approximate its fair value.

New Horizon Coal Ltd
Directors' Declaration
31 December 2014

The Directors' of the Group declare that:

- 1 The interim financial statements and notes as set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance to the half-year ended on that date.
- 2 In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Gary Steinepreis
Director
West Perth
16 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of New Horizon Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New Horizon Coal Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New Horizon Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Horizon Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Horizon Coal Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 16 March 2015