



ASX:NHO

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FOR THE QUARTER ENDED 31 DECEMBER 2016**

This activities report for New Horizon Coal Ltd (ASX: **NHO**, “the **Company**”) provides a summary of activities undertaken during the quarter ended 31 December 2016.

During the quarter, the Board continued its due diligence on an oil & gas sector opportunity in the United States.

On 5 January 2017, the Company signed agreements to acquire 2 Texas, USA oil and gas projects being:

- an agreement to purchase a 100% working interest in 3,118 net acres in Trinity, Houston and Walker counties, Texas, USA (**Trinity Oil Project**) which is an area which has seen recent oil exploration and production activity in the Woodbine, Eagle Ford, Buda and Glen Rose formations (“Eaglebine” and “BudaRose”); and
- an agreement to drill 3 oil wells in Presidio County, Texas, USA (**Presidio Oil Project**) to earn a 70% working interest in 6,280 net acres which are prospective for oil in the Edwards, Olmos and Eagle Ford formations.
- Subject to NHO’s shareholders approving a 2 into 1 consolidation of its capital, NHO will conduct a non-renounceable rights issue to NHO’s shareholders on the basis of eight (8) new (post consolidation) shares for every one (1) existing (post consolidation) share held at an issue price of A\$0.02 per share (post consolidation), together with one (1) free attaching option exercisable at A\$0.02 each (on a post-consolidation basis) on or before 31 December 2021 for every three (3) new shares applied for and issued, to raise up to approximately A\$18,880,000 (**Rights Issue**). The minimum subscription under the Right Issue will be A\$12,000,000.
- The total combined purchase price to be paid by NHO for the Trinity Oil Project and the Presidio Oil Project is US\$1,450,000 cash plus 240,000,000 shares (post consolidation) along with 240,000,000 performance rights (post consolidation).
- In addition to the Rights Issue there will be a capital raising by way of a placement of up to 630,000,000 options (**Options Placement**). Each option will have an exercise price of A\$0.02 (post consolidation) and have a term which expires at 5pm (WST) on 31 December 2021. Each option will be issued at an issue price of A\$0.00001 to raise up to \$6,300.
- CPS Capital Group Pty Ltd, has been appointed by NHO as the Lead Manager and Broker to the Rights Issue and the Options Placement.
- Re-compliance with Chapters 1 and 2 of the ASX Listing Rules is a condition precedent to the acquisition of the Trinity Oil Project and the Presidio Oil Project being completed.