

G. Stenepis
GARY STENEPIS
DIRECTOR
17/3/17

**NEW HORIZON COAL LTD
(TO BE RENAMED HELIOS ENERGY LTD)
ACN 143 932 110**

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 16 February 2017 (**Prospectus**), issued by New Horizon Coal Ltd (ACN 143 932 110) (**Company** or **NHO**).

This Supplementary Prospectus is dated 17 March 2017 and was lodged with ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be available with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.newhorizoncoal.com.au and the Company will send a copy of this Supplementary Prospectus to all Applicants who have applied for Securities under the Prospectus to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. REASONS FOR THE SUPPLEMENTARY PROSPECTUS

On 17 March 2017, the Company entered into an agreement with CPS Capital Group Pty Ltd (**Underwriter** or **CPS Capital**) pursuant to which CPS Capital has agreed to partially underwrite the Entitlement Offer for the amount of \$13,000,000 (**Underwritten Amount**), being 650,000,000 Shares and 216,666,667 New Options (**Underwriting**).

As a result of the Underwriting, the Company issues this Supplementary Prospectus to set out the impact on the Prospectus that has been issued in respect of the Offers.

The Company and the Vendors have also entered into letters of variation with respect to each of the Trinity Acquisition Agreement and Presidio Acquisition Agreement (**Variations**) and in addition to the purpose set out above, this Supplementary Prospectus has been prepared to reflect the changes to the Acquisition Agreements as a result of the Variations, specifically with respect to:

- (a) the proposed composition of the Company's board of directors; and
- (b) the date specified in the Presidio Acquisition Agreement pursuant to which the Company must discharge, as operator, at a cost of at least US\$500,000, one vertical oil well on the Presidio Leases.

To the extent that the Prospectus and this Supplementary Prospectus are inconsistent, the terms of this Supplementary Prospectus shall prevail.

2. PARTIAL UNDERWRITING AGREEMENT

2.1 Summary of material terms of Partial Underwriting Agreement

By an agreement between the Underwriter and the Company (**Partial Underwriting Agreement**), the Underwriter agrees to underwrite the Entitlement Offer to the extent of 650,000,000 Shares and 216,666,667 New Options (**Underwritten Securities**).

Pursuant to the Partial Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee equal to 6% (plus any applicable GST) of the Underwritten Amount (being \$780,000 plus any applicable GST) (**Underwriting Fee**). The Underwriting Fee is additional to the fee CPS Capital will receive from the Company for their services as Lead Manager and Broker to the Entitlement Offer and the Options Offer (refer to Section 14.3 of the Prospectus for details).

In addition, the Company will pay and will indemnify and keep indemnified the Underwriter against and in relation to, all reasonable costs and expenses of and incidental to the underwriting of the Underwritten Securities, including but not limited to:

- (a) the disbursements of the Underwriter (including legal fees);
- (b) reasonable accommodation and travelling expenses of the Underwriter relating to the underwriting of the Underwritten Securities; and
- (c) all marketing and promotional expenditure related to the underwriting of the Underwritten Securities,

provided that the aggregate of all costs and expenses referred to above does not exceed \$30,000 (without the prior consent of the Company).

The Underwriter may procure such persons to sub-underwrite the Underwritten Securities as the Underwriter in its sole and absolute discretion thinks fit, however none of whom will be related parties of the Company.

The obligation of the Underwriter to underwrite the Underwritten Securities is subject to certain events of termination. The Underwriter may terminate its obligations under the Partial Underwriting Agreement if:

- (a) **Indices fall:** any of the following indexes closes on any 2 consecutive trading days before the date which is 3 Business Days after the Closing Date or any other date agreed in writing between the parties as the date by which the Company must give the Underwriter written notice of any shortfall to the Entitlement Offer (**Shortfall Notice Deadline Date**) 4% or more below its respective level as at the close of business on the Business Day prior to the execution date of the Partial Underwriting Agreement:
 - (i) Dow Jones;
 - (ii) S&P 500;
 - (iii) Nasdaq;
 - (iv) Russell 2000;
 - (v) FTSE;
 - (vi) Nikkei; or
 - (vii) Shanghai SE Comp;
- (b) **Offer Document:** the Company does not lodge the Prospectus by 1 March 2017 or the Prospectus or the Offer is withdrawn by the Company;
- (c) **No Listing Approval:** the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the Lodgement Date;
- (d) **Restriction on issue:** the Company is prevented from issuing the Underwritten Securities within the time required by the Partial 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;
- (e) **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, which in the Underwriter's reasonable opinion has a material adverse effect on the Entitlement Offer or on the subsequent market for the Underwritten Securities or a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company (**Material Adverse Effect**);
- (f) **Authorization:** any authorization which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is

modified or amended in a manner unacceptable to the Underwriter acting reasonably;

- (g) **Indictable offence:** a director or senior manager of the Company or any of its subsidiaries (**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
- (h) **Termination Events:** upon the occurrence of any of the following events:
 - (i) **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 Egypt, Australia, New Zealand, Indonesia, Japan, Russia, Iran, Israel, the United Kingdom, the United States of America, India, Pakistan, the People's Republic of China, or any member of the European Union, other than hostilities involving Libya, Afghanistan, Iraq, Syria, or Lebanon, and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in any of the indexes stipulated in section 2.1(a) above falling by the percentage contemplated by section 2.1(a);
 - (ii) **Default:** default or breach by the Company under the Partial Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the date that is 3 Business Days after the Shortfall Notice Deadline Date;
 - (iii) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Partial Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iv) **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;
 - (v) **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;
 - (vi) **Error in Due Diligence Results:** it transpires that any of the due diligence results or any part of the verification material in relation to 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;
 - (vii) **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;
 - (viii) **Public statements:** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlement Offer or the Prospectus other than a statement the Company is required to make in order to comply with its

disclosure obligations under the Listing Rules and/or the Corporations Act;

- (ix) **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;
- (x) **Official Quotation qualified:** the official quotation is qualified or conditional other than as prescribed in the Partial Underwriting Agreement;
- (xi) **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 that has not been publicly disclosed or proposed as at the date of the Partial Underwriting Agreement;
- (xii) **Prescribed Occurrence:** a specified Prescribed Occurrence (as defined in the Partial Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- (xiii) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (xiv) **Event of Insolvency:** an Event of Insolvency occurs in respect of a Relevant Company;
- (xv) **Judgment against a Relevant Company:** a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Partial Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvii) **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 Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xviii) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Entitlement Offer or a matter disclosed in the Prospectus) 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;
- (xix) **Timetable:** there is a delay in any specified date in the Prospectus timetable which is greater than 3 Business Days;

- (xx) **Force Majeure:** a force majeure affecting the Company's business or any obligation under the Partial Underwriting Agreement lasting in excess of 7 days occurs;
- (xxi) **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;
- (xxii) **Capital Structure:** any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiii) **Breach of Material Contracts:** any material contracts disclosed in the Prospectus are terminated or substantially modified;
- (xxiv) **Investigation:** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Entitlement Offer or the Prospectus, or publicly foreshadows that it may do so; or
- (xxv) **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.

The Partial 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.

2.2 Effect of the Underwriting on control of the Company

The Underwriter is not presently a Shareholder of the Company. The extent to which Shares are issued pursuant to the Underwriting will determine the extent of the Underwriters' voting power in the Company after the completion of the Offers.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Options held by Underwriter	Voting power of Underwriter ¹ Undiluted	Voting power of Underwriter ² Diluted
Date of Prospectus	Nil	Nil	Nil	Nil
Completion of the Offers (to the extent of the Underwritten Amount)				
Fully subscribed	Nil	Nil	Nil	Nil
75% subscribed	162,500,000	54,166,667	15.73%	10.49%

50% subscribed	325,000,000	108,333,333	31.46%	20.97%
25% subscribed	487,500,000	162,500,000	47.19%	31.46%
0% subscribed	650,000,000	216,666,667	62.92%	41.95%

Notes:

1. Based on the Company's capital structure on an undiluted basis following completion of the Offers, the Trinity Acquisition and the issue of the Presidio Consideration Securities and assuming subscription under the Entitlement Offer to the extent of the Underwritten Amount.
2. Based on the Company's capital structure on a fully diluted basis following completion of the Offers, the Trinity Acquisition and the issue of the Presidio Consideration Securities and assuming subscription under the Entitlement Offer to the extent of the Underwritten Amount.

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the Underwriting. However, it is unlikely that no Shareholders, other than the Underwriter, will subscribe for Shares under the Entitlement Offer. In particular, the Company notes that as at the date of this Supplementary Prospectus, \$80,780.04 has been raised, representing applications for 4,039,002 Shares (0.6% of the minimum subscription under the Entitlement Offer) under the Prospectus. The Underwriting provides the Company and Shareholders with certainty that the Minimum Subscription will be reached which will allow the Company to complete the proposed Acquisitions and carry out its stated objectives, as detailed in Section 7 of the Prospectus.

The Underwriter has also indicated that it intends on engaging sub-underwriters to sub-underwrite a portion of the Underwritten Amount (**Sub-underwriting Commitment**), all of whom will not be related parties or substantial Shareholders of the Company, which will further reduce the Underwriter's voting power (**Sub-underwriting**).

2.3 Effect of the Sub-underwriting on control of the Company

As at the date of this Supplementary Prospectus the identity of all potential sub-underwriters and the value of the Sub-underwriting Commitment is unknown. However, the Underwriter has advised that Notable Pioneer Limited (an entity registered in Hong Kong) (**NPL**) or entities associated with NPL have agreed to sub-underwrite the Underwritten Amount to the extent of up to \$7,894,690 (representing up to 394,734,500 Shares) (**NPL Commitment**).

The table below sets out NPL's voting power in the Company as at the date of the Prospectus and the potential increase to its voting power under several scenarios relating to the percentage acceptance of Entitlements under the Entitlement Offer.

Event	Shares held by NPL	Options held by NPL	Voting power of NPL ¹ Undiluted	Voting power of NPL ² Diluted
Date of Prospectus	Nil	Nil	Nil	Nil
Completion of the Offers (to the extent of the Underwritten Amount)				
Fully subscribed	Nil	Nil	Nil	Nil

75% subscribed	162,500,000	54,166,667	15.73%	10.49%
50% subscribed	325,000,000	108,333,333	31.46%	20.97%
25% subscribed	394,734,500 ³	131,578,167	38.21%	25.47%
0% subscribed	394,734,500	131,578,167	38.21%	25.47%

Notes:

1. Based on the Company's capital structure on an undiluted basis following completion of the Offers, the Trinity Acquisition and the issue of the Presidio Consideration Securities and assuming subscription under the Entitlement Offer to the extent of the Underwritten Amount.
2. Based on the Company's capital structure on a fully diluted basis following completion of the Offers, the Trinity Acquisition and the issue of the Presidio Consideration Securities and assuming subscription under the Entitlement Offer to the extent of the Underwritten Amount.
3. The NPL Commitment is capped at \$7,894,690, representing 394,734,500 Shares.

The number of Shares held by NPL and its voting power in the table above show the potential effect of NPL sub-underwriting the Underwritten Amount, to the extent of the NPL Commitment. The NPL Commitment and therefore voting power of NPL will reduce for the amount of Entitlements accepted under the Entitlement Offer.

CPS Capital have confirmed that no other entities are expected to acquire, through participation in sub-underwriting the Underwritten Amount, a holding of Shares of, or increase their holding to, an amount in excess of 19.9% of all the Shares on issue on completion of the Entitlement Offer.

2.4 Intentions of CPS Capital and NPL

Notwithstanding the potential control effects of CPS Capital agreeing to underwrite the Underwritten Amount and NPL agreeing to sub-underwrite the Underwritten Amount to the extent of the NPL Commitment, the Company understands that, other than as disclosed in the Prospectus and this Supplementary Prospectus, neither CPS Capital nor NPL have any present intention of making any significant changes to the direction or objectives of the Company, and they:

- (a) do not currently intend to make any significant changes to the existing business of the Company;
- (b) do not currently intend to inject further capital into the Company;
- (c) do not currently intend to transfer any property between the Company and themselves or any of their associates;
- (d) do not currently intend to redeploy fixed assets of the Company; and
- (e) do not currently intend to change the Company's existing financial or dividend policies.

These intentions are based on information concerning the Company, its business and the business environment which is known to CPS Capital and NPL at the date of this Supplementary Prospectus.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

2.5 About CPS Capital

CPS Capital is an Australian private company incorporated in Western Australia in 1999. Since 2001, CPS Capital have operated a boutique corporate advisory and stockbroking business specialising in providing strategic advice to both retail and wholesale investors, particularly within the resources sector.

CPS Capital holds an Australian Financial Services License (AFSL 294848) and is responsible for over 100 corporate deals each year, including various Initial Public Offerings and placements.

CPS Capital is not a related party of the Company or associated with the Directors of the Company.

As at the date of this Supplementary Prospectus, CPS Capital has a relevant interest in the shares of many other ASX listed companies as a result of the activities of its corporate advisory and stockbroking business.

2.6 About NPL

NPL (an entity registered in Hong Kong) is an investment company whose purpose is to invest in various asset classes on behalf of its clients.

NPL is not a related party of the Company or associated with the Directors of the Company.

As at the date of this Supplementary Prospectus, NPL does not have a relevant interest in the shares of any other ASX listed companies.

2.7 Allocation of Shortfall Securities

Details of the Shortfall Offer are set out in Section 6.10 of the Prospectus. Pursuant to this Supplementary Prospectus, the Shortfall Offer is amended such that the Underwriter has the right to determine to whom Shortfall Securities shall be issued and to what extent, at the Underwriter's absolute discretion, subject to the ASX Listing Rules and any restrictions under applicable law, to the extent of the Underwritten Amount. Any additional funds raised by the Shortfall Offer will be dealt with in accordance with Section 6.10 of the Prospectus.

3. VARIATIONS TO ACQUISITION AGREEMENTS

On 17 March 2017 the Company and the Vendors entered into letters of variation with respect to each of the Trinity Acquisition Agreement and Presidio Acquisition Agreement pursuant to which they agreed to vary the Acquisition Agreements as follows:

- (a) **(Board composition):** The Company and the Vendors have agreed to vary the Trinity Acquisition Agreement by reducing the number of independent directors that the Vendors are entitled to appoint to the Board of the Company from two (2) to one (1). As such, within 90 days of Settlement occurring, the directors of the Company will consist of three (3) persons comprising:

- (i) Tony Brennan;
- (ii) Gary Steinepreis; and
- (iii) one (1) independent director nominated by the Vendors and notified to the Company (**Proposed Director**).

As at the date of this Supplementary Prospectus, the Proposed Director has not yet been notified to the Company by the Vendors.

All references in the Prospectus to the Board of the Company following Settlement are amended to reflect the above.

- (b) (**Presidio drilling condition**): The Company and the Vendors have agreed to vary the Presidio Acquisition Agreement by extending the date by which the Company is required to discharge, as operator of the Presidio Oil Project, at a cost of at least US\$500,000, one vertical oil well on the Presidio Leases from "31 March 2017" to "14 April 2017" (**Drill Date**).

All references to the Drill Date in the Prospectus are amended to reflect the above.

- (c) (**End Date**) The Company and the Vendors have agreed to vary each of the Acquisition Agreements by extending the date by which the Trinity Conditions and Presidio Conditions must respectively be satisfied from "31 March 2017" to "14 April 2017" (**End Date**).

All references to the End Date in the Prospectus are amended to reflect the above.

4. CONSENTS

CPS Capital Group Pty Ltd has given its written consent to being named as Underwriter, Lead Manager and Broker to the Company in this Supplementary Prospectus and to the inclusion of the information and statements contained in Section 2 of this Supplementary Prospectus in the form and context in which the information and statements are included. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

Notable Pioneer Limited has given its written consent to being named in this Supplementary Prospectus and to the inclusion of the information and statements contained in Section 2 of this Supplementary Prospectus in the form and context in which the information and statements are included. Notable Pioneer Limited has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

5. AMENDED INDICATIVE TIMETABLE

The indicative timetable included at Section 2 of the Prospectus is replaced by the following:

Event	Date
Lodgement of Prospectus with the ASIC	16 February 2017
Lodgement of Prospectus & Appendix 3B with ASX	16 February 2017
Notice sent to Shareholders	20 February 2017

Ex-date	21 February 2017
Record Date for determining Entitlements	22 February 2017
Prospectus despatched to Shareholders & Company announces despatch has been completed	27 February 2017
Vendor Offer, Options Offer and Broker Offer Opening Date	6 March 2017
Lodgement of Supplementary Prospectus with ASIC	17 March 2017
Last day to extend the Closing Date of the Entitlement Offer	22 March 2017
Closing Date ¹	27 March 2017
Securities quoted on a deferred settlement basis	28 March 2017
ASX notified of under subscriptions	29 March 2017
Settlement of Trinity Acquisition ² Issue of Presidio Consideration Securities ²	31 March 2017
Issue of Securities under Offers	31 March 2017
Despatch of holding statements	31 March 2017
Expected date for reinstatement to quotation on ASX ¹	24 April 2017

1. *The above dates are indicative only and may change without notice, subject to the ASX Listing Rules. The Company 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 Securities are expected to commence trading on ASX may vary. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to Applicants.*
2. *The above stated date for Settlement of the Trinity Acquisition and issue of Presidio Consideration Securities is only a good faith estimate by the Directors and may be extended.*

6. TREATMENT OF EXISTING APPLICATIONS FOR SHARES UNDER THE OFFERS

The Directors believe that the changes set out in this Supplementary Prospectus are not materially adverse from the point of view of an investor because:

- (a) the Directors believe that the benefit of the Underwriting outweighs any costs to the Company or to investors generally; and
- (b) the effect of the Variations to the Acquisition Agreements are not material to the outcome of the Acquisitions or the success of the Offers.

Accordingly, no action needs to be taken if you have already subscribed for Securities under the Prospectus. A copy of this Supplementary Prospectus will be available on the Company's website and the Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Securities under the Prospectus to the date of this Supplementary Prospectus.

7. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus with the ASIC.

Gary Steinepreis
Non-Executive Director
For and on behalf of
New Horizon Coal Ltd
(to be renamed "Helios Energy Ltd")