

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

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of eight (8) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise up to \$18,880,000, together with one (1) free attaching Option exercisable at \$0.02 each on or before 31 December 2021 (**New Option**) for every three (3) new Shares subscribed for and issued (**Entitlement Offer**).

This Prospectus also contains the additional offers of Securities described in Section 5.7. The Offers are conditional on the events described in Section 3.7.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered highly speculative.

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1. CORPORATE DIRECTORY

Directors

Tony Brennan
Non-Executive Chairman

Gary Steinepreis
Non-Executive Director

Carl Coward¹
Non-Executive Director

Company Secretary

Gary Steinepreis

Lead Manager and Broker

CPS Capital Group Pty Ltd
Level 45
108 St George's Terrace
Perth WA 6000
AFSL: 294848

Independent Technical Expert

Ralph E. Davis Associates, LLC
711 Louisiana Street
Suite 3100
Houston, Texas
USA 77002

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Registered Office

Level 1
33 Ord Street
West Perth WA 6008

Telephone: + 61 8 9420 9300
Facsimile: +61 8 9420 9399
Website: www.newhorizoncoal.com.au

ASX Code

Current: NHO
Reserved: HE8

Share Registry²

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace,
PERTH WA 6000

Telephone (Australia): 1300 555 159
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Australian Lawyers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

US Attorneys

Looper Goodwine
1300 Post Oak Blvd
Suite 2400
Houston, Texas
USA 77056

¹ To resign within 90 days of Settlement.

² This entity has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. TIMETABLE

| 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 |
| Last day to extend the Closing Date of the Entitlement Offer | 6 March 2017 |
| Closing Date ¹ | 9 March 2017 |
| Securities quoted on a deferred settlement basis | 10 March 2017 |
| ASX notified of under subscriptions | 14 March 2017 |
| Settlement of Trinity Acquisition ² Issue of Presidio Consideration Securities ² | 16 March 2017 |
| Issue of Securities under Offers | 16 March 2017 |
| Despatch of holding statements | 16 March 2017 |
| Expected date for reinstatement to quotation on ASX ¹ | 3 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.*

3. IMPORTANT NOTES

This Prospectus is dated 16 February 2017 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Securities or the Offers or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

3.1 **Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

At the General Meeting held on 6 February 2017, Shareholders approved a change in nature and scale of the Company's activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

The Company's Securities were suspended from trading on ASX on 13 October 2015 and will not be reinstated until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offers and will repay all application monies received (without interest).

3.2 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

3.3 Risk factors

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section 5E of the Investment Overview in Section 5 and Section 8 of this Prospectus for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

3.4 Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.newhorizoncoal.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.newhorizoncoal.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

3.5 Website

No document or information included on our website is incorporated by reference into this Prospectus.

3.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8 of this Prospectus.

3.7 Conditional Offers

The Offers are conditional on:

- (a) raising the Minimum Subscription under the Entitlement Offer;
- (b) the Acquisition Agreements becoming unconditional (excluding the condition relating to the Entitlement Offer); and
- (c) the Company receiving conditional approval for re-quotation of the Securities on the ASX on terms reasonably acceptable to the Company.

Accordingly, the Offers under this Prospectus are effectively conditional on the successful completion of the Trinity Acquisition.

In the event that those events do not occur, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be refunded their application monies (without interest) and in accordance with the Corporations Act.

3.8 ASX Listing Rule 7.11.3

ASX has granted the Company a conditional waiver from the requirements of ASX Listing Rule 7.11.3 to allow the Company to undertake the Entitlement Offer.

ASX Listing Rule 7.11.3 provides that the ratio of securities offered by a listed entity for a pro rata issue must not be greater than one for one unless the offer is renounceable and the issue price is not more than the average market price for the securities in that class, calculated over the last 5 days on which sales in the securities were recorded before the day on which the pro rata issue was announced.

As the Company's Shares are suspended from trading on ASX, it is not possible for the Company to conduct a renounceable rights issue. As the Entitlement Offer is non-renounceable and on an 8 for 1 basis, ASX has granted the Company a conditional waiver from ASX Listing Rule 7.11.3.

The waiver was conditional on the Company obtaining Shareholder approval in relation to the Entitlement Offer. Shareholder approval for the Entitlement Offer was obtained at the General Meeting held on 6 February 2017.

3.9 Consolidation

On 10 February 2017, the Company announced that it had completed a 1 for 2 consolidation of capital (**Consolidation**). Unless otherwise stated, all references to Securities in the capital of the Company in this Prospectus are made on a post-Consolidation basis.

3.10 Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

3.11 Petroleum resource estimates

In accordance with ASX Listing Rule 5.42, the Company confirms that the hydrocarbon resources information contained in this Prospectus in relation to the Trinity Oil Project and Presidio Oil Project is based on, and fairly represents, information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by Mr Lloyd B. Branum, Senior Vice President of Ralph E. Davis Associates, LLC. Mr Branum holds a B.Sc degree in Petroleum Engineering from the University of Missouri, is a Licensed Professional Engineer by the State of Texas (License Number 42019) and has forty three years' experience in the petroleum industry of which over thirty years' experience are in the conduct of evaluation and engineering studies relating to both domestic U.S. oil and gas fields and international energy assets. Mr Branum is a licensed member of the Texas Board of Professional Engineers. Mr Branum is not an employee of the Company and consented in writing to the inclusion of the hydrocarbon resources information in the form and context in which it appears in this Prospectus.

3.12 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept an Offer please call the Company Secretary on +61 9420 9300.

4. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Directors of New Horizon Coal Ltd (to be renamed "Helios Energy Ltd") (**Company**), I am pleased to invite you to participate in this Entitlement Offer. This Entitlement Offer provides you with the opportunity to maintain your equity interest in the Company and to participate in an exciting new chapter for the Company.

Recently, the Company has been evaluating new acquisition opportunities, both in Australia and overseas, which have the potential to add Shareholder value.

On 5 January 2017, the Company entered into two agreements, one to acquire the Trinity Oil Project and the second to acquire the Presidio Oil Project (together, the **Projects**). Both Projects are located in Texas, USA.

The total combined purchase price to be paid by the Company for the Projects is US\$1,450,000 cash plus 240,000,000 Shares along with 240,000,000 Performance Rights. The purchase of the Projects by the Company is subject to and conditional upon the successful completion of the Entitlement Offer.

At the General Meeting held on 6 February 2017, the Company received the requisite Shareholder approvals to purchase the Projects and undertake the Entitlement Offer.

After reviewing many potential transactions, the Board decided to acquire the Projects because of a number of attractive factors, including:

- (a) the potential for discovery of commercial deposits of oil at the Projects, and assuming successful discovery, the potential volume of oil that may be the subject of successful commercial extraction;
- (b) the quality of the geological work previously undertaken on the Projects by the Vendors;
- (c) the size of the acreage that constitute the Projects and the terms and conditions of the oil and gas leases the subject of the Projects; and
- (d) the low capital expenditure and operating costs of the oil business in Texas, USA when compared to other jurisdictions such as Australia.

Under the Entitlement Offer, Shareholders will be entitled to apply for eight (8) Shares for every one (1) Share held on the Record Date of 22 February 2017 at an issue price of \$0.02 per Share, to raise up to \$18,880,000 (before costs), subject to the Minimum Subscription of \$12,000,000 being raised.

Assuming completion of the Entitlement Offer and settlement of the Acquisitions, the Company proposes to immediately commence drilling on the Presidio Oil Project, with the intention of completing three conventional vertical wells on the Presidio Oil Project by 31 December 2017. Simultaneously, the Company, by itself or with a farminee joint venturer, intends to drill a vertical fracked well by 31 December 2017 through the "Eaglebine/BudaRose" section on the Trinity Oil Project.

Details of the Entitlement Offer are set out in this Prospectus and I encourage you to read the Prospectus in its entirety before making your investment

decision. A summary of risk factors that you should consider in applying for Shares is set out in Section 8 of this Prospectus.

This Prospectus is also issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules required due to the Acquisitions comprising a change to the nature and scale of the Company's activities. It contains detailed information about the Company, the Projects and associated transactions and I encourage you to read it carefully.

On behalf of your Board and management, I am pleased to present this Prospectus to you and encourage you to take up your Entitlements under the Entitlement Offer.

Yours faithfully

Tony Brennan
Non-Executive Chairman

5. INVESTMENT OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

| Item | Summary | Further information |
|---------------------------------------|--|-----------------------------------|
| A. Company | | |
| Who is the issuer of this Prospectus? | New Horizon Coal Ltd (to be renamed "Helios Energy Ltd") ACN 143 932 110 (ASX: NHO) (Company). | Section 5.2 |
| Who is the Company? | <p>The Company is an Australian public company, incorporated on 4 June 2010 and listed on the Australian Securities Exchange on 20 October 2010 (ASX:NHO).</p> <p>As announced on 8 January 2015, the Company transferred its 100% interest in the permit comprising the Kinney Coal Project, located in Scofield, Utah, USA back to Carbon Resources and no longer has an interest in the permit, or any other permits.</p> <p>The Company has since focussed on evaluating new projects in all business sectors, carrying out due diligence and reviewing presentations for projects in the technology sector, finance sector and advanced stage mining and oil and gas projects.</p> <p>On 13 October 2015, the Company was suspended from official quotation on ASX on the basis that it does not have a current level of operations sufficient to maintain continued listing. The Company has remained suspended since this date and has complied with all of its reporting requirements.</p> | Section 5.2 |
| B. The Acquisitions | | |
| What are the Acquisitions? | <p>The Company has entered into the Acquisition Agreements to acquire the Trinity Oil Project situated at the intersection of Trinity, Houston and Walker Counties, Texas, USA (comprising 3,118 net acres of oil and gas leases) and the Presidio Oil Project situated in Presidio County, Texas, USA (comprising 6,280 net acres of oil and gas leases).</p> <p>Full details of the Acquisitions and Projects are outlined in Sections 5.2 and 5.3.</p> | Sections 5.2, 5.3, 14.1 and 14.2. |

| Item | Summary | Further information |
|--|---|------------------------|
| | Summaries of the Acquisition Agreements are set out in Sections 14.1 and 14.2. | |
| What are the key terms of the Acquisitions? | <p>The total combined purchase price to be paid by the Company for the Projects is US\$1,450,000 cash plus 240,000,000 Shares along with 240,000,000 Performance Rights. The purchase of the Projects by the Company is subject to and conditional upon, among other things, the successful completion of the Entitlement Offer.</p> <p>The material terms of the Acquisition Agreements are summarised at Sections 14.1 and 14.2 of the Prospectus.</p> | Sections 14.1 and 14.2 |
| What approvals were obtained at the General Meeting? | <p>At the General Meeting held on 6 February 2017, the Company obtained Shareholder approval for:</p> <ul style="list-style-type: none"> (a) a significant change in the nature and scale of the Company's activities; (b) the Consolidation of the issued capital of the Company on a 1 for 2 basis. The Consolidation was completed on 15 February 2017; (c) the issue of the Consideration Securities to the Vendors (and/or their nominees); (d) the issue of Securities to the Lead Manager and Broker; (e) the issue of New Options under the Options Offer; (f) the Entitlement Offer, <p>(each an Essential Resolution); and</p> <ul style="list-style-type: none"> (g) the change of the Company's name to 'Helios Energy Limited'. <p>Refer to Section 5.9 for the pro-forma proposed capital structure of the Company arising from the issue of Securities the subject of the Essential Resolutions.</p> | Sections 5.9 and 5.8 |
| What is the effect of the Acquisitions? | <p>The Acquisitions will constitute a significant change in the nature and scale of the Company's activities under ASX Listing Rule 11.1.</p> <p>As a result, the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, being the admission requirements</p> | Sections 5.9 and 10 |

| Item | Summary | Further information |
|------|--|---------------------|
| | <p>of the ASX.</p> <p>The Offers are therefore conditional on the Company receiving approval from ASX to reinstatement of the Company to official quotation on ASX following settlement of the Trinity Acquisition (Settlement) on conditions satisfactory to the Company. If the ASX does not provide that conditional approval, the Offers will not proceed, no Securities will be issued pursuant to the Offers and the Company will repay all application monies received pursuant to the Application Forms, without interest.</p> <p>On Settlement and completion of the Offers (assuming full subscription under the Offers, that no Options are exercised, no Performance Rights vest and are converted and no other Securities are issued other than pursuant to this Prospectus), the Company will have the following Securities on issue:</p> <ul style="list-style-type: none"> (a) 1,327,000,025 Shares; (b) 969,666,667 Options; and (c) 240,000,000 Performance Rights. <p>On vesting and conversion of the Performance Rights, the issue of the full subscription of Shares under the Offers (assuming that no Options are exercised and no other Securities are issued):</p> <ul style="list-style-type: none"> (a) the existing Shareholders will retain approximately 7.53% of the Company's issued share capital; (b) the Vendors will hold approximately 15.31% of the Company's issued share capital; and (c) advisors will hold approximately 1.59% of the Company's issued share capital. <p>The effect of the Acquisitions are set out in the capital structure table in Section 5.9, the financial information in Section 10 and elsewhere in this Prospectus.</p> | |

| Item | Summary | Further information |
|---|---|---------------------|
| What industry will the Company operate in following Settlement? | The Company will be in the business of exploring for oil and gas. | Section 7.2 |
| C. Business Model | | |
| How will the Company generate income? | <p>Following completion of the Offer and settlement of the Acquisitions, the Company's proposed business model will be to further explore and develop the Projects.</p> <p>If the Company discovers oil as a result of drilling on either the Trinity Leases and/or the Presidio Leases then the Company's capacity to generate income on the capital account and/or the revenue account may be enhanced.</p> <p>A detailed explanation of the Company's business model is provided at Section 7.2.</p> | Section 7.2 |
| What are the Company's near term objectives? | <p>Assuming completion of the Entitlement Offer and settlement of the Acquisitions, the Company proposes to immediately commence drilling on the Presidio Oil Project, with the intention of completing three conventional vertical wells on the Presidio Oil Project by 31 December 2017. Simultaneously, the Company, by itself or with a farminee joint venturer, intends to drill a vertical fracked well by 31 December 2017 through the "Eaglebine/BudaRose" section on the Trinity Oil Project.</p> <p>In the event that the Minimum Subscription is obtained, the funds raised, together with the Company's existing cash reserves will be used to meet:</p> <ul style="list-style-type: none"> (a) cost of completing the acquisition of the Trinity Oil Project and the Presidio Oil Project; (b) operating costs; (c) costs for the drilling of the wells on the Trinity Leases and Presidio Leases; (d) additional leasing costs; (e) general administration costs; (f) costs of the Offers and Acquisitions; and | Section 7.2 |

| Item | Summary | Further information |
|---|---|---------------------|
| | <p>(g) otherwise contribute to the working capital of the Company.</p> <p>Refer to the use of funds table in Section 5.8 for further details.</p> | |
| <p>What are the key dependencies of the business model?</p> | <p>The key factors that the Company depends on to meet its objectives are:</p> <ul style="list-style-type: none"> (a) completion of the Entitlement Offer and settlement of the Acquisitions; (b) to build and maintain a highly motivated and skilled management team; (c) commercial oil prices; and (d) discovery of commercial deposits of oil on either the Trinity Leases and/or the Presidio Leases as a result of drilling. | <p>Section 7.2</p> |

D. Key Investment Highlights

| | | |
|--|---|------------------|
| <p>What are the key investment highlights?</p> | <p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:</p> <ul style="list-style-type: none"> (a) exposure to Projects located in the Presidio, Trinity, Houston and Walker Counties, Texas, USA which have historically played host to major oil and gas operations; (b) the potential for discovery of commercial deposits of oil at the Projects, and assuming successful discovery, the potential volume of oil that may be the subject of successful commercial extraction; (c) the size of the acreage that constitute the Projects and the terms and conditions of the oil and gas leases the subject of the Projects; and (d) the low capital expenditure and operating costs of the oil business in Texas, USA when compared to other jurisdictions such as Australia. | <p>Section 9</p> |
|--|---|------------------|

E. Key Risks

| | | |
|--|---|------------------|
| <p>What are the key risks of an investment in the Company?</p> | <p>Risks associated with an investment in the Company under this Prospectus are detailed in Section 8.</p> <p>Key risk factors include:</p> | <p>Section 8</p> |
|--|---|------------------|

| Item | Summary | Further information |
|------|---|---------------------|
| | <p>(a) Exploration and Development Risks: The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success.</p> <p>(b) Commercialisation and infrastructure access: The Company's potential future earnings, profitability and growth are likely to be dependent on the Company being able to commercialise any oil and gas resources that may exist on the oil and gas leases in which the Company currently has an interest or that are acquired by the Company in the future.</p> <p>(c) Oil and gas price fluctuations: The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.</p> <p>(d) Capital intensive business risk: The drilling of wells to discover whether there is oil or gas is a highly capital intensive business and will require the Company to raise capital in the future. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding on favourable terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on future financing and operating activities.</p> | |

| Item | Summary | Further information |
|---|---|---------------------|
| F. Directors and Key Management Personnel | | |
| Who are the Directors? | <p>Within 90 days of Settlement, the directors of the Company will consist of four (4) persons consisting of:</p> <ul style="list-style-type: none"> (a) Tony Brennan; (b) Gary Steinepreis; and (c) two (2) independent directors nominated by the Vendors and notified to the Company (Proposed Directors). <p>The profiles of each of the current Directors are set out in Section 12.1.</p> | Section 12.1 |
| What are the significant interests of Directors in the Company? | Details of the personal interests of each of the Director's in the Securities of the Company as well as their respective remuneration agreed with the Company is detailed in Section 12.2. | Section 12.2 |
| G. Financial Information | | |
| How has the Company been performing? | <p>The Company is currently listed on ASX and its financial history, including its 2014, 2015 and 2016 Annual Reports are available on its website at www.newhorizoncoal.com.au</p> <p>The reviewed statement of financial position for the Company as at 31 December 2016 is set out in Section 10.</p> | Section 10 |
| Has the Company included forecast financial information in respect of its business? | <p>Given the current status of the Company's operations and the significant changes anticipated, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p> | Section 5.14 |
| H. Offers | | |
| What is the purpose of the Entitlement Offer? | <p>The purpose of the Entitlement Offer is to position the Company to seek to achieve the objectives set out below in Section 5.8 and to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules.</p> <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking</p> | Section 5.7 |

| Item | Summary | Further information |
|--|---|---------------------|
| | ASX's approval for reinstatement of the Company's Securities to quotation following the continuing suspension. | |
| Is the Entitlement Offer underwritten? | The Entitlement Offer is not underwritten. | Section 6.3 |
| Who is the lead manager and broker to the Entitlement Offer? | The Company has appointed CPS Capital Group Pty Ltd (Lead Manager and Broker) as lead manager and broker to the Entitlement Offer and the Options Offer. The Lead Manager and Broker will receive a fee of 6% (plus GST) of the total amount raised under the Entitlement Offer and the Options Offer, and in addition will be paid a fee of 25,000,000 Shares and 25,000,000 New Options on Settlement of the Trinity Acquisition. | Section 14.3 |
| What is being offered and who is entitled to participate in the Entitlement Offer? | The Entitlement Offer is a non-renounceable entitlement issue of eight (8) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise up to \$18,880,000, together with one (1) free attaching Option exercisable at \$0.02 each on or before 31 December 2021 (New Option) for every three (3) new Shares subscribed for and issued. | Section 6.1 |
| What is the Shortfall Offer? | Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02 being the price at which Shares have been offered under the Entitlement Offer. The Directors reserve the right to issue Shortfall Securities at their absolute discretion. | Section 6.10 |
| What are the Other Offers? | This Prospectus also contains: <ul style="list-style-type: none"> (a) an offer of 240,000,000 Shares and 240,000,000 Performance Rights to the Vendors (and/or their nominees) in consideration for the acquisition of the Projects (Vendor Offer); (b) an offer of up to 630,000,000 New Options at an issue price of \$0.00001 per New Option to raise up to \$6,300 (Options) | Section 6.1 |

| Item | Summary | Further information |
|---|---|-------------------------------------|
| | <p>Offer); and</p> <p>(c) an offer of 25,000,000 Shares and 25,000,000 New Options to the Lead Manager and Broker (and/or its nominees) as part consideration for services provided in connection with the Entitlement Offer (Broker Offer),</p> <p>(together the Other Offers).</p> | |
| <p>What will the Company's capital structure look like after completion of the Offers and Settlement?</p> | <p>Refer to Section 5.9 for a pro forma capital structure following Settlement of the Trinity Acquisition, issue of Presidio Consideration Securities and completion of the Offers.</p> | <p>Section 5.9</p> |
| <p>What are the terms of the Securities offered under the Offers?</p> | <p>A summary of the material rights and liabilities attaching to the Shares offered under the Entitlement Offer, Vendor Offer and Broker Offer is set out in Section 15.1.</p> <p>The terms and conditions of the Options offered under the Entitlement Offer, Options Offer and Broker Offer are set out in Section 15.2.</p> <p>The terms and conditions of the Performance Rights offered under the Vendor Offer are set out in Section 15.3.</p> | <p>Sections 15.1, 15.2 and 15.3</p> |
| <p>Will any Securities be subject to escrow?</p> | <p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>All of the Consideration Securities will be restricted from trading for a period of 12 months commencing on the date on which the Consideration Securities are issued.</p> | <p>Section 5.11</p> |

| Item | Summary | Further information |
|---|---|---------------------|
| Will the Shares be quoted? | Application for quotation of all Shares and New Options to be issued under the Offers will be made to ASX in accordance with the timetable set out in Section 2. | Section 6.12 |
| What are the key dates of the Offers? | The key dates of the Offers are set out in the indicative timetable in Section 2. | Section 2 |
| Are there any conditions to the Offers? | <p>The Offers are conditional on:</p> <ul style="list-style-type: none"> (a) raising the Minimum Subscription under the Entitlement Offer; (b) the Acquisition Agreements becoming unconditional (excluding the condition relating to the Entitlement Offer); and (c) the Company receiving conditional approval for re-quotation of the Company's Shares on the ASX on terms reasonably acceptable to the Company. <p>If any of these Conditions are not satisfied, the Acquisitions and the Offers will not proceed.</p> | Section 3.7 |
| I. Use of funds | | |
| How will the proceeds of the Entitlement Offer, Options Offer and the Company's existing cash reserves be used? | <p>Funds available on completion of the Offers will be used for:</p> <ul style="list-style-type: none"> (a) US\$1,450,000 cash as part consideration for the Acquisitions; (b) provide funding for the development of the Projects; (c) the purchase of additional oil and gas leases in and around the Projects; (d) expenses of the Offers; and (e) general working capital and operating expenses of the Company. | Section 5.8 |
| Will the Company be adequately funded after completion of the Entitlement Offer? | The Directors are satisfied that on completion of the Entitlement Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus. | Section 5.8 |

| Item | Summary | Further information |
|---|--|---------------------|
| J. Additional information | | |
| Is there any brokerage, commission or duty payable by applicants? | No brokerage, commission or duty is payable by Applicants on the acquisition of Securities under the Offers. | |
| What are the tax implications of investing in Securities? | <p>Holders of Securities may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Securities subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p> | |
| Where can I find more information? | <p>(a) By speaking to your stockbroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By reviewing the Company's public announcements, which are accessible from ASX's website at http://www.asx.com.au under the ASX code "NHO";</p> <p>(c) By contacting the Company Secretary, on +61 9420 9300; or</p> <p>(d) By contacting the Share Registry on +618 9323 2000</p> | |

5.2 The Company

The Company is an Australian company, incorporated on 4 June 2010 and listed on the Australian Securities Exchange on 20 October 2010 (ASX: NHO).

As announced on 8 January 2015, the Company transferred its 100% interest in the permit comprising the Kinney Coal Project, located in Scofield, Utah, USA back to Carbon Resources, LLC and no longer has an interest in the permit, or any other permits.

Since 8 January 2015, the Company has concentrated on evaluating new projects in all business sectors, carrying out due diligence and reviewing presentations for projects in the technology sector, finance sector and advanced stage mining and oil and gas projects.

On 13 October 2015, the Company was suspended from official quotation on ASX on the basis that it did not have a current level of operations sufficient to maintain continued listing. The Company has been suspended since this date and has complied with all of its reporting requirements.

On 5 January 2017, the Company announced that it had entered into:

- (a) a conditional heads of agreement with the Vendors, pursuant to which the Company (or its nominee) has agreed to acquire, and the Vendors have agreed to sell:
 - (i) a 100% Working Interest (**WI**) in certain leases of oil and gas mineral rights (which in aggregate total to a minimum of 3,118 net acres) situated at the intersection of Trinity, Houston and Walker counties in Texas, USA (**Trinity Leases**);
 - (ii) a Net Revenue Interest (**NRI**) of 75% of 8/8ths (being 100% of a NRI of 75%) in respect of the Trinity Leases; and
 - (iii) all data accumulated by the Vendors in respect of the Trinity Leases which includes, but is not limited to, all the geological and geophysical data created or accumulated by the Vendors,(together the **Trinity Oil Project**) (**Trinity Acquisition**); and
- (b) a conditional heads of agreement with the Vendors, pursuant to which the Company (or its nominee) will acquire or earn from the Vendors all right, title and interest in and to:
 - (i) a 70% WI in certain leases of oil and gas mineral rights (which in aggregate total to a minimum of 6,280 net acres) all situated in Presidio county in Texas, USA (**Presidio Leases**);
 - (ii) a NRI of 52.50% of 8/8ths (being 70% of a NRI of 75%) in respect of the Presidio Leases; and
 - (iii) a 100% ownership interest in all data accumulated by the Vendors in respect of the Presidio Leases which includes, but is not limited to, all the geological and geophysical data created or accumulated by the Vendors,(together, the **Presidio Oil Project**) (**Presidio Acquisition**),

(Acquisition Agreements).

The Trinity Acquisition and the Presidio Acquisition are together referred to in this Prospectus as the **Acquisitions** and the Trinity Oil Project and the Presidio Oil Project are together referred to as the **Projects**.

At the General Meeting held on 6 February 2017, the Company received Shareholder approval to purchase the Projects and undertake the Entitlement Offer.

Upon Settlement, the Company will focus on the exploration and development of the Projects. A more detailed summary of the Projects and the proposed business of the Company following Settlement is set out in Section 7.

The valuation and number of Consideration Securities to be issued in consideration for the acquisition of the Projects was determined through arm's length negotiations. In determining the purchase price for the Projects, the Company took into account the following considerations:

- (a) the potential of discovery of commercial deposits of oil at the Projects;

- (b) assuming successful discovery, the potential volume of oil that may be the subject of successful commercial extraction;
- (c) the quality of the geological work undertaken on the Projects by the Vendors;
- (d) the terms and conditions of the Trinity Leases and the Presidio Leases;
- (e) the size of the acreage that constitute the Projects;
- (f) the costs associated with drilling wells to test the formations that comprise the Projects; and
- (g) access to infrastructure and oil field services in the areas where the Projects are located.

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always a good valuation methodology available when determining the purchase price and the Directors were required to take into account qualitative factors such as those set out above in coming to a decision on the commercial terms.

No formal valuation process in respect of the Projects was undertaken through the engagement of independent advisers.

5.3 Background on the Projects

(a) Trinity Oil Project

The Trinity Oil Project is situated at the intersection of Trinity, Houston and Walker counties in Texas, USA and is comprised of 3,118 net acres of oil and gas leases.

The oil plays contained within the Trinity Leases which have attracted the Company are contained within the thick, organically rich section located below the Austin Chalk formation all the way down to the Glen Rose formation. This overall "Eaglebine/BudaRose" section contains both conventional and unconventional oil reservoirs. However, the vast majority of the targeted sections should be classified as unconventional tight oil reservoirs.

One potential development option for the Company would be via drilling vertical wells and then comingling all zones in a single completion post fracking. This drilling could be undertaken by the Company or by a farminee brought into the Trinity Oil Project by the Company post purchase.

Another potential development option for the Company would be via drilling fracked horizontal wells into the Lower Woodbine interval.

The Trinity Oil Project is located in an area which has seen recent oil exploration and production activity in the Woodbine, Eagle Ford, Buda and Glen Rose formations ("Eaglebine" and "BudaRose").

The Trinity Oil Project is located about 100 miles north-east of Houston, Texas and can be considered as a north-eastward extension of the very well documented South Texas Eagle Ford trend.

There is established oil and gas production from wells nearby the Trinity Oil Project and the target section has proven to be prolific in the immediate area with cumulative production of approximately 9,000,000 barrels of oil (**bo**) and 39 billion cubic feet of gas.

This nearby production has resulted from drilling vertical wells and then comingling all zones in a single completion post fracking. Drilling is conducted on 160 acre spacing and type curves of these nearby analogous wells have average initial production of 500 barrels of oil per day (**bopd**) with an average well producing a total of 250,000 bo. The Trinity Oil Project is comprised of 3,118 net acres which would, subject to successfully drilling, require 20 vertical oil wells to develop. The target for recovered oil would therefore be a total of 5,000,000 bo (based on a 100% working interest).

These nearby analogous vertical fracked wells are being drilled and completed for a total capital cost of US\$3,500,000 and operating costs are US\$6,000 per well per month.

(b) **Presidio Oil Project**

The Presidio Oil Project is situated in Presidio county, Texas and is comprised of 6,280 net acres of oil and gas leases.

The Presidio Oil Project is prospective for oil in the Edwards, Olmos and Eagle Ford formations.

The Presidio Oil Project lies within a relatively undisturbed zone of recurrent normal faulting along the western margin of the Diablo Platform and the eastern edge of the Eastern Chihuahuan Tectonic Belt and is characterised by numerous graben or half graben features. These fault structures provide the possibility for traps similar to those faulted structures which produce the vast majority of Cretaceous oil in South Texas. Both the Edwards and Olmos Formations the subject of the Presidio Oil Project were defined by the Vendors by a combination of surface (primarily for fault traces) and sub-surface mapping. Although drilling in the area is relatively sparse, the few wells that have been tested locally have produced 37° API oil with some associated gas, greatly de-risking the presence of hydrocarbons.

The primary conventional oil play contained within the Presidio Leases is a shallow (5,000 foot) vertical test for Eagle Ford shale oil sourcing the porous Edwards Limestone reservoir. The first vertical well into the Edwards formation will be a conventional test of a horst block with at least 800 feet of down to the platform throw and 500 feet of down to the basin throw along its 7 mile length. The area of interpreted mapped closure that will be the subject of the 3 well drilling program is 3,555 acres.

The budgeted cost of each vertical well into the Edwards Limestone reservoir is US\$500,000. Successful, productive Edwards Formation wells in South Texas average total production of approximately 170,000 bo from wells on 40 acre spacing having average porosity of 5% and a recovery factor of 10%.

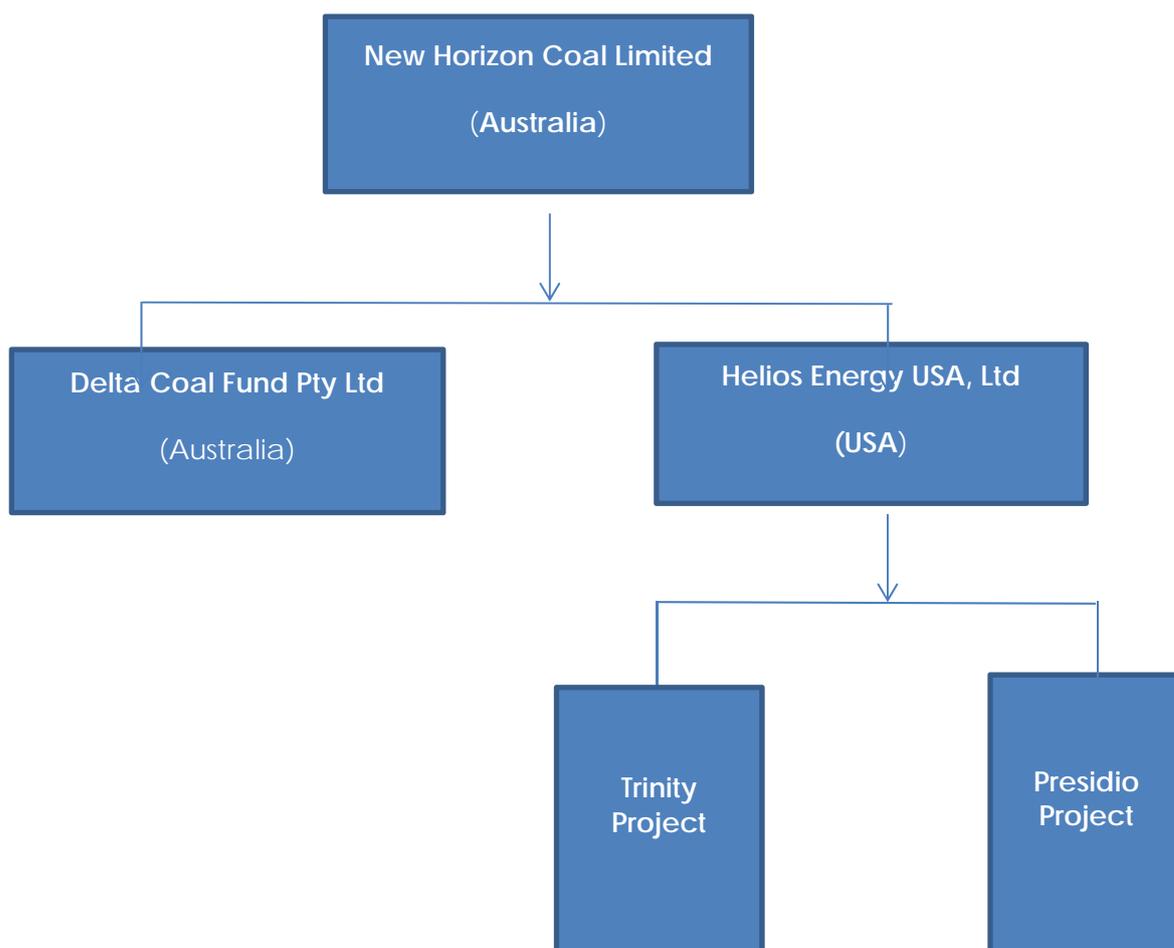
The second conventional oil play contained within the Presidio Leases is a shallow (3,000 foot) vertical test for oil in the high porosity and high permeability Olmos Sands Formation.

A vertical well of this kind is a straight forward attempt to move up-dip to production within a productive fault block. The area of the interpreted mapped closure is 1,834 acres. Porosity in the area averages 25%. The budgeted cost of each vertical well into the Olmos Sands Formation is US\$500,000.

Further details of the Projects are set out in Section 7.

5.4 Corporate Structure

On Completion of the Acquisitions, the corporate and ownership structure of the Company and Group will be as follows:



5.5 Suspension and re-admission to ASX

As the Company is currently focused on coal exploration, the acquisition of the Projects, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to an oil and gas exploration company.

ASX has therefore stipulated that this change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders;
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3; and
- (c) the issue price of Shares must be at least 20 cents and the exercise price of Options must be at least 20 cents (**20 Cent Requirements**).

The Company's Securities were suspended from trading on 13 October 2015. Applicants should be aware that the ASX will not readmit or admit any Securities to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offers and will repay all application monies received by it in connection with this Prospectus (without interest).

On 2 December 2016, the ASX granted the Company a waiver from the 20 Cent Requirements to enable the Company to issue Shares under the Entitlement Offer at not less than 2 cents each and to have Options on issue with an exercise price of less than 20 cents. This waiver was subject to Shareholders approving the Company undertaking the Entitlement Offer at not less than 2 cents and Shareholders approving the exercise price of the Options to be issued in connection with the Entitlement Offer, Options Offer and Broker Offer. Shareholder approval was obtained at the General Meeting held on 6 February 2017.

5.6 Change of Name

Subject to Settlement of the Trinity Acquisition, the Company will change its name to 'Helios Energy Limited', which the Company believes will be better suited to its new direction. Shareholder approval for the change of name was obtained at the General Meeting held on 6 February 2017.

An overview of the Company's business following Settlement of the Acquisition is set out in Section 7.2.

5.7 The Offers

The Entitlement Offer is being made as a non-renounceable entitlement issue of eight (8) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share (together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued.

The purpose of the Entitlement Offer is to position the Company to seek to achieve the objectives set out below in Section 5.8 and to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules. This is sought for the purpose of seeking ASX's approval for reinstatement of the Company's Securities to quotation following Settlement of the Trinity Acquisition.

This Prospectus also contains:

- (a) an offer of 240,000,000 Shares and 240,000,000 Performance Rights to the Vendors (and/or their nominees) in part consideration for the acquisition of the Projects (**Vendor Offer**);
- (b) an offer of up to 630,000,000 New Options at an issue price of \$0.00001 per New Option to raise up to \$6,300 (**Options Offer**); and
- (c) an offer of 25,000,000 Shares and 25,000,000 New Options to the Lead Manager and Broker (and/or its nominees) as part consideration for services provided in connection with the Entitlement Offer (**Broker Offer**).

The key information relating to the Offers and references to further details are set out in Section 6.

5.8 Use of Funds

The table below sets out the intended application of the cash reserves of the Company and funds raised under the Entitlement Offer and Options Offer over the short to medium term following reinstatement of the Company to quotation on the Official List of ASX. No funds will be raised from the issue of the New Options issued under the Broker Offer or free attaching to Shares issued under the Entitlement Offer.

| Funds available | Minimum Subscription (\$12,000,000) | Percentage of Funds (%) | Maximum Subscription (\$18,880,000) | Percentage of Funds (%) |
|--|--|-------------------------|--|-------------------------|
| Existing cash reserves of the Company ¹ | \$471,000 | 3.78% | \$471,000 | 2.44% |
| Funds raised from the Rights Issue | \$12,000,000 | 96.18% | \$18,880,000 | 97.53% |
| Funds raised from the Option Placement | \$5,180 | 0.04% | \$6,300 | 0.03% |
| Total | \$12,476,180 | 100.00% | \$19,357,300 | 100.00% |
| Allocation of funds | Total | Percentage of Funds (%) | Total | Percentage of Funds (%) |
| Completion of the acquisition of the Trinity Oil Project and the Presidio Oil Project, including reimbursement of incurred project costs | \$1,986,301 | 15.92% | \$1,986,301 | 10.26% |
| Operating costs, leasing costs and costs for the drilling of the wells on the Trinity Leases and Presidio Leases ⁴ | \$7,196,977 | 57.68% | \$13,655,297 | 70.54% |

| | | | | |
|---|---------------------|----------------|---------------------|----------------|
| Expenses associated with the Acquisitions ² | \$1,202,722 | 9.64% | \$1,625,522 | 8.40% |
| Working capital and general administration ³ | \$2,090,180 | 16.76% | \$2,090,180 | 10.80% |
| TOTAL | \$12,476,180 | 100.00% | \$19,357,300 | 100.00% |

Notes

1. Refer to the Investigating Accountant's Report set out in Section 10 of this Prospectus for further details. These funds represent existing cash held by the Company at 31 December 2016. The Company expects to incur costs within the ordinary course of its business which will diminish this amount prior to completion of the Acquisitions.
2. Refer to Section 17.5 for further details.
3. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, Directors' fees, rent and other associated costs.
4. The Drilling Budget of \$6,666,666 is further detailed in Section 7.4.

In the event the Company raises more than the Minimum Subscription of \$12,000,000 and less than the full subscription of \$18,880,000 under the Entitlement Offer, the additional funds raised will be applied towards the expenses of the Entitlement Offer first and then equally towards acquiring more oil and gas leases and drilling additional oil wells. The Directors believe that the funds raised from the Entitlement Offer and Options Offer, combined with existing cash reserves will provide the Company with sufficient working capital to achieve its objectives set out in this Prospectus.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, drilling success, the development of new opportunities and other factors (including the risk factors outlined in Section 8).

It should be noted that the Company may not be self-funding through its own operational cash flow at the end of the two year period referred to above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

5.9 Capital Structure

The capital structure of the Company following completion of the Offers, the Trinity Acquisition and the issue of the Presidio Consideration Securities is summarised below:

| Shares ¹ | Minimum Subscription (\$12,000,000) | Full Subscription (\$18,800,000) |
|--|-------------------------------------|----------------------------------|
| Current issued capital | 118,000,025 | 118,000,025 |
| Issue of Shares pursuant to the Entitlement Offer ¹ | 600,000,000 | 944,000,000 ⁶ |

| | | |
|--|--------------------|----------------------|
| Trinity Consideration Shares | 192,000,000 | 192,000,000 |
| Issue of Presidio Consideration Securities | 48,000,000 | 48,000,000 |
| Issue of Shares pursuant to the Broker Offer | 25,000,000 | 25,000,000 |
| TOTAL² | 983,000,025 | 1,327,000,025 |

| Options | Minimum Subscription (\$12,000,000) | Full Subscription (\$18,800,000) |
|---|--|---|
| Options currently on issue | Nil | Nil |
| Issue of Options pursuant to the Entitlement Offer ³ | 200,000,000 | 314,666,667 ⁶ |
| Issue of Options pursuant to the Options Offer ³ | 518,000,000 ⁴ | 630,000,000 |
| Issue of Shares pursuant to the Broker Offer ³ | 25,000,000 | 25,000,000 |
| TOTAL² | 743,000,000 | 969,666,667 |

| Performance Rights | Minimum Subscription (\$12,000,000) | Full Subscription (\$18,800,000) |
|--|--|---|
| Current issued capital | Nil | Nil |
| Issue of Performance Rights ⁵ | 240,000,000 | 240,000,000 |
| TOTAL² | 240,000,000 | 240,000,000 |

Notes:

1. The rights attaching to the Shares are summarised in Section 15.1.
2. Assumes no further securities are issued prior to Settlement of the Acquisitions, other than as set out in the table.
3. Quoted Options exercisable at \$0.02 each on or before 31 December 2021. The terms of the Options are set out in Section 15.2.
4. Scaled-back for compliance with ASX Listing Rule 1.1, Condition 1 and ASX Listing Rule 7.16. The actual amount issued will depend on the total amount of Shares on issue upon completion of the Offers.
5. Comprising 240,000,000 Performance Rights. The terms of the Performance Rights are set out in Section 15.3.
6. Calculated on the basis of a maximum raising of \$18,800,000. The actual amount issued will be subject to rounding.

5.10 Substantial Shareholders

Those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below:

| Shareholder | Shares | Options | % of Shares held |
|-------------------------------|---------------|----------------|-------------------------|
| Tony Brennan ¹ | 13,225,760 | Nil | 11.20% |
| Gary Steinepreis ² | 10,040,998 | Nil | 8.51% |

| | | | |
|--|-----------|-----|-------|
| Mr Jason Peterson and Mrs Lisa Peterson <J & L Peterson S/F A/C> | 9,568,771 | Nil | 8.10% |
| Carl Coward ³ | 8,077,889 | Nil | 6.79% |

Notes:

1. Comprising:
 - (a) 12,450,760 Shares held indirectly by Brennan Super (WA) Pty Ltd <A T Brennan Superfund A/C>, an entity controlled by Mr Brennan;
 - (b) 225,000 Shares held indirectly by Delta Enterprises Australia Pty Ltd, an entity controlled by Mr Brennan; and
 - (c) 550,000 Shares held indirectly by Mr Brennan's spouse.

2. Comprising:
 - (a) 10,000 Shares directly held by Mr Steinepreis;
 - (b) 20,000 Shares indirectly held by Mr Steinepreis' spouse;
 - (c) 6,640,998 Shares indirectly held by Oakhurst Enterprises Pty Ltd, an entity controlled by Mr Steinepreis;
 - (d) 510,000 Shares indirectly held by LeisureWest Consulting Pty Ltd <LeisureWest Trust A/C>, an entity controlled by Mr Steinepreis;
 - (e) 10,000 Shares indirectly held by Ascent Capital Pty Ltd, an entity controlled by Mr Steinepreis;
 - (f) 2,840,000 Shares indirectly held by Ascent Capital Holdings Pty Ltd, an entity controlled by Mr Steinepreis; and
 - (g) 10,000 Shares indirectly held by Ascent Minerals Pty Ltd, an entity controlled by Mr Steinepreis.

3. Comprising 2,792,207 held by Mr Coward <Budo HO A/C> and 5,285,682 held directly by Mr Coward.

On Settlement of the Acquisitions and completion of the Offers (assuming full subscription under the Offers, that no Options are exercised, no Performance Rights are converted and no other securities are issued other than pursuant to this Prospectus), the above substantial holders will be diluted and there will be no substantial holders of the Company.

5.11 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares or New Options may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Securities in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Securities commencing trading on ASX.

5.12 Top 20 Securityholders

The Company will announce to the ASX details of its top 20 Shareholders and Optionholders following completion of the Offers and prior to the Securities re-commencing trading on ASX.

5.13 Financial Information

Following the change in the nature of its activities, the Company will be focused on developing the Projects. Therefore, the Company's past operations and financial historical performance will not be of significant relevance to future activities.

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or whether any material revenues or profitability will eventuate. Prior to the date of this Prospectus, the Company has been operating its coal exploration business. As stated above, the Directors do not consider that these early results provide sufficient evidence to predict any future material revenues or profitability.

As a result, the Company is not in a position to disclose any key financial ratios or financial information other than the financial statements included in Section 10 of this Prospectus.

The initial funding for the Company's future activities will be generated from the Entitlement Offer and Options Offer pursuant to this Prospectus and existing cash reserves. The Company may need to raise further capital in the future to continue to develop the Projects or any other projects acquired by the Company in the future, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.

5.14 Forecasts

The Directors and Proposed Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

5.15 Dividend Policy

It is anticipated that, following Settlement of the Trinity Acquisition, the Company will focus on development of the Projects. This will likely require significant funding. Accordingly, the Company does not expect to declare any dividends during this period or in the short to medium term.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

5.16 Directors and Key Personnel

In accordance with the terms of the Trinity Acquisition Agreement, within 90 days of Settlement occurring, the Directors of the Company will consist of four (4) persons consisting of:

- (a) Tony Brennan;

- (b) Gary Steinepreis; and
- (c) two (2) independent directors nominated by the Vendors and notified to the Company. As at the date of this Prospectus, these two (2) independent directors have not yet been notified to the Company by the Vendors.

Gary Steinepreis will remain as a Company Secretary following Settlement.

Summaries of the background and experience of each of the Directors are set out Section 12.1.

The relevant interests of each of the Directors in the Securities of the Company are set out in Section 12.2.

5.17 Agreements with Directors or related parties

The agreements the Company has entered into with the Directors are contained in Section 14.

6. DETAILS OF THE OFFERS

6.1 The Offers

The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable entitlement issue of eight (8) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share (together with one (1) free attaching New Option exercisable at \$0.02 each on or before 31 December 2021) for every three (3) new Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 944,000,000 Shares and 314,666,667 New Options will be issued pursuant to the Entitlement Offer to raise up to \$18,880,000. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company does not have any Options on issue.

The Other Offers

This Prospectus also contains:

- (a) an offer of 240,000,000 Shares and 240,000,000 Performance Rights to the Vendors (and/or their nominees) in part consideration for the acquisition of the Projects (**Vendor Offer**);
- (b) an offer of up to 630,000,000 New Options at an issue price of \$0.00001 per New Option to raise up to \$6,300 (**Options Offer**); and
- (c) an offer of 25,000,000 Shares and 25,000,000 New Options to the Lead Manager and Broker (and/or its nominees) as part consideration for services provided in connection with the Entitlement Offer (**Broker Offer**),

(together the **Other Offers**).

General

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 15.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 15.2.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

All of the Performance Rights offered under this Prospectus will be issued on the terms and conditions set out in Section 15.3.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 5.8.

6.2 Minimum subscription

Entitlement Offer

The minimum subscription in respect of the Entitlement Offer is \$12,000,000 (**Minimum Subscription**). No Securities will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants, without interest, or issue a supplementary prospectus or replacement prospectus and allow Applicants one (1) month to withdraw their Application and be repaid their Application monies.

The Other Offers

There is no minimum subscription for the Vendor Offer, Options Offer and Broker Offer.

6.3 Underwriting

The Offers are not underwritten.

6.4 Lead Manager and Broker

CPS Capital Group Pty Ltd (AFSL: 294848) (**Lead Manager and Broker**) has been appointed as lead manager and broker to the Entitlement Offer and the Options Offer. The terms of the appointment of the Lead Manager and Broker are summarised in Section 14.3.

6.5 Acceptance – Entitlement Offer

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or pay BPAY® by following the instructions set out below and in the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.02 per Share) or pay BPAY® by following the instructions set out below and in the Entitlement and Acceptance Form; or

- (c) if you wish to accept your **full** Entitlement **and** apply for additional Shortfall Securities under the Shortfall Offer:
 - (i) complete the Entitlement and Acceptance Form including filling in the number of Shortfall Securities you wish to apply for in the Shortfall section on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.02 per Share) or pay via BPAY® by following the instructions set out below and in the Entitlement and Acceptance Form; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

One (1) New Option with an exercise price of \$0.02 and an expiry date of 31 December 2021 will be issued for every three (3) Shares subscribed for and issued under the Entitlement Offer.

6.6 Applications – Other Offers

Investors should note that by completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

The Company reserves the right to close the Offers early, subject to compliance with ASX Listing Rules.

Vendor Offer

The Vendor Offer is an offer to the Vendors (and/or their nominees) only.

Only the Vendors (and/or their nominees) may accept the Vendor Offer. A personalised Vendor Offer Application Form will be issued to each Vendor, together with a copy of the Prospectus. The Company will only provide Vendor Offer Application Forms to the persons entitled to participate in the Vendor Offer.

Completed Vendor Offer Application Forms must be mailed or delivered to the address set out on the Vendor Offer Application Form so they are received by no later than the Closing Date.

Options Offer

The Directors, in consultation with the Lead Manager and Broker, will determine the recipients of the New Options under the Options Offer in their sole discretion. Applications for New Options under the Options Offer must only be made by investors at the direction of the Company. The Company will only provide Options Offer Application Forms to the persons invited to participate in the Options Offer.

Payment for New Options must be made in full at the issue price of \$0.00001 per New Option.

Completed Options Offer Application Forms must be mailed or delivered to the address set out on the Options Offer Application Form so they are received by no later than the Closing Date.

In the event that the number of New Options to be issued under the Options Offer would breach the ASX Listing Rules (including, but not limited to, ASX Listing Rule 1.1, Condition 1), the number of New Options to be issued under the Options Offer shall be scaled-back.

Broker Offer

The Broker Offer is an offer to CPS Capital Group Pty Ltd (and/or its nominees) only.

Only CPS Capital Group Pty Ltd (and/or its nominees) may accept the Broker Offer. A personalised Broker Offer Application Form will be issued to CPS Capital Group Pty Ltd (and/or its nominees) together with a copy of the Prospectus. The Company will only provide the Broker Offer Application Form to CPS Capital Group Pty Ltd (and/or its nominees).

Completed Broker Offer Application Forms must be mailed or delivered to the address set out on the Broker Offer Application Form so they are received by no later than the Closing Date.

6.7 Payment by cheque/bank draft/money order

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**New Horizon Coal Ltd**” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form or Options Offer Application Forms and cheque, bank draft or money order must reach the Company’s Share Registry no later than 5.00pm (WST) on the Closing Date.

6.8 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form;
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and
- (c) if you make payment of application monies in excess of your Entitlement, you are deemed to have taken up your Entitlement and made an application for Shortfall Securities.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Securities (only where the amount is \$1.00 or

greater) will be refunded. No interest will be paid on any application monies received or refunded.

6.9 Potential Dilution from Entitlement Offer

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 91% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders assuming no New Options are exercised or Performance Rights converted into Shares is set out in the table below:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Entitlement Offer | Holdings if Entitlement Offer not taken Up | % post Entitlement Offer |
|---------------|---------------------------|------------------|--|--|--------------------------|
| Shareholder 1 | 10,000,000 | 8.47% | 80,000,000 | 10,000,000 | 0.75% |
| Shareholder 2 | 5,000,000 | 4.23% | 40,000,000 | 5,000,000 | 0.37% |
| Shareholder 3 | 1,500,000 | 1.27% | 12,000,000 | 1,500,000 | 0.11% |
| Shareholder 4 | 400,000 | 0.34% | 3,200,000 | 400,000 | 0.03% |

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that:
 - a. the full subscription of \$18,880,000 is raised under the Entitlement Offer or those Entitlements not accepted are placed under the Shortfall Offer;
 - b. 240,000,000 Shares are issued to the Vendors pursuant to the Acquisition Agreements;
 - c. 25,000,000 Shares are issued to the Lead Manager and Broker under the Broker Offer; and
 - d. no further Shares are issued and no Options or Performance Rights are converted into Shares.

In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

6.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02 being the price at which Shares have been offered under the Entitlement Offer.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

6.11 Issue of Securities and allocation policy – Other Offers

General

Subject to the satisfaction of the conditions set out in Section 3.7, the Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out in Section 2.

The recipients of Securities under the Vendor Offer, Options Offer and Broker Offer are as set out in Section 6.6.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out in Section 2 and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

Defects in applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Interest

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

6.12 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 2. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

6.13 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Entitlement Offer

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Securities under the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these Securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Other Offers

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of the Other Offers in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to the Other Offers under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

6.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

6.15 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation position of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

6.16 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. Refer to Section 14.3 for further details.

7. COMPANY AND PROJECT OVERVIEW

7.1 Background

A detailed overview of the Company and the Projects is set out in Sections 5.2 and 5.3 above.

7.2 Business Model

The Company and its Shareholders have approved the decision to focus on the exploration and development of the Projects as there is the potential to make a discovery of commercial deposits of oil at the Projects.

Following completion of the Entitlement Offer and Settlement of the Acquisitions occurring, the Company proposes to immediately commence drilling on the Presidio Oil Project, with the intention of completing three conventional vertical wells on the Presidio Oil Project by 31 December 2017. Simultaneously, the Company by itself (or with a farminee joint venturer) intends to drill a vertical fracked well by 31 December 2017 through the "Eaglebine/BudaRose" section on the Trinity Oil Project.

The key factors that the Company depends on to meet its objectives are:

- (a) completion of the Entitlement Offer and settlement of the Acquisitions;
- (b) to build and maintain a highly motivated and skilled management team;
- (c) commercial oil prices; and
- (d) discovery of commercial deposits of oil on either the Trinity Leases and/or the Presidio Leases as a result of drilling.

7.3 Projects

(a) Trinity Oil Project

The Trinity Oil Project is situated at the intersection of Trinity, Houston and Walker counties in Texas, USA and is comprised of 3,118 net acres of oil and gas leases.

The oil plays contained within the Trinity Leases which have attracted the Company are contained within the thick, organically rich section located below the Austin Chalk formation all the way down to the Glen Rose formation. This overall "Eaglebine/BudaRose" section contains both conventional and unconventional oil reservoirs. However, the vast majority of the targeted sections should be classified as unconventional tight oil reservoirs.

One potential development option for the Company would be via drilling vertical wells and then comingling all zones in a single completion post fracking. This drilling could be undertaken by the Company or by a farminee brought into the Trinity Oil Project by the Company post purchase.

Another potential development option for the Company would be via drilling fracked horizontal wells into the Lower Woodbine interval. This

drilling could also be undertaken by the Company or by a farminee brought into the Trinity Oil Project by the Company post purchase.

The Trinity Oil Project is located in an area which has seen recent oil exploration and production activity in the Woodbine, Eagle Ford, Buda and Glen Rose formations ("Eaglebine" and "BudaRose").

The Trinity Oil Project is located about 100 miles north-east of Houston, Texas and can be considered as a north-eastward extension of the very well documented South Texas Eagle Ford trend.

There is established oil and gas production from wells nearby the Trinity Oil Project and the target section has proven to be prolific in the immediate area with cumulative production of approximately 9,000,000 barrels of oil (**bo**) and 39 billion cubic feet of gas.

This nearby production has resulted from drilling vertical wells and then comingling all zones in a single completion post fracking. Drilling is conducted on 160 acre spacing and type curves of these nearby analogous wells have average initial production of 500 barrels of oil per day (**bopd**) with an average well producing a total of 250,000 bo. The Trinity Oil Project is comprised of 3,118 net acres which would, subject to successfully drilling, require 20 vertical oil wells to develop. The target for recovered oil would therefore be a total of 5,000,000 bo (based on a 100% working interest).

These nearby analogous vertical fracked wells are being drilled and completed for a total capital cost of US\$3,500,000 and operating costs are US\$6,000 per well per month.

(b) **Presidio Oil Project**

The Presidio Oil Project is situated in Presidio county, Texas and is comprised of 6,280 net acres of oil and gas leases.

The Presidio Oil Project is prospective for oil in the Edwards, Olmos and Eagle Ford formations.

The Presidio Oil Project lies within a relatively undisturbed zone of recurrent normal faulting along the western margin of the Diablo Platform and the eastern edge of the Eastern Chihuahuan Tectonic Belt and is characterised by numerous graben or half graben features. These fault structures provide the possibility for traps similar to those faulted structures which produce the vast majority of Cretaceous oil in South Texas.

Both the Edwards and Olmos Formations the subject of the Presidio Oil Project were defined by the Vendors by a combination of surface (primarily for fault traces) and sub-surface mapping. Although drilling in the area is relatively sparse, the few wells that have been tested locally have produced 37° API oil with some associated gas, greatly de-risking the presence of hydrocarbons.

The primary conventional oil play contained within the Presidio Leases is a shallow (5,000 foot) vertical test for Eagle Ford shale oil sourcing the porous Edwards Limestone reservoir. The first vertical well into the Edwards formation will be a conventional test of a horst block with at least 800 feet of down to the platform throw and 500 feet of down to

the basin throw along its 7 mile length. The area of interpreted mapped closure that will be the subject of the 3 well drilling program is 3,555 acres.

The budgeted cost of each vertical well into the Edwards Limestone reservoir is US\$500,000. Successful, productive Edwards Formation wells in South Texas average total production of approximately 170,000 bo from wells on 40 acre spacing having average porosity of 5% and a recovery factor of 10%.

The second conventional oil play contained within the leases the subject of the Presidio Oil Project is a shallow (3,000 foot) vertical test for oil in the high porosity and high permeability Olmos Sands Formation.

A vertical well of this kind is a straight forward attempt to move up-dip to production within a productive fault block. The area of the interpreted mapped closure is 1,834 acres. Porosity in the area averages 25%. The budgeted cost of each vertical well into the Olmos Sands Formation is US\$500,000.

Further information with respect to the Projects can be found in the Independent Technical Expert's Report in Section 9.

7.4 Drilling Budget

Following completion of the Entitlement Offer and Settlement of the Acquisitions occurring, the Company proposes to immediately commence drilling on the Presidio Oil Project, with the intention of completing three conventional vertical wells on the Presidio Oil Project by 31 December 2017. Simultaneously, the Company by itself (or with a farminee joint venturer) intends to drill a vertical fracked well by 31 December 2017 through the "Eaglebine/BudaRose" section on the Trinity Oil Project.

The table below outlines a drilling budget for the Trinity Oil Project and the Presidio Oil Project.

| Drilling Budget | A\$12,000,000 Raised (A\$) | A\$18,880,000 Raised (A\$) |
|---|---|---|
| Drilling Program in first 24 months after Listing on ASX ¹ | A\$6,666,666 | A\$6,666,666 |

Note 1: This assumes 3 conventional vertical wells in the Presidio Oil Project costing US\$500,000 each and one vertical well which then comingles all the fracked intervals in the Trinity Oil Project costing US\$3,500,000.

8. RISK FACTORS

8.1 Introduction

The business, assets and operations of the Company, including after Settlement, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Shareholders should be aware that if the Acquisitions are completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from the Projects, including, but not limited to, those summarised in this Prospectus.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Risks relating to the Change in Nature and Scale of Activities

(a) Re-Quotation of Shares on ASX

The Acquisitions constitute a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Securities on the ASX. Should this occur, the Securities will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Securities should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Acquisition Risk

Pursuant to the Acquisitions Agreements, Settlement is subject to the fulfilment of certain conditions precedent as summarised in Sections 14.1 and 14.2.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the

Acquisition Agreements. There is a risk that all the conditions precedent may not be satisfied or waived. In this event the Company will continue to look for potential business acquisitions to take the Company forward. Further, if any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(c) **Potential for significant dilution**

The Company currently has 118,000,025 Shares on issue. On completion of the Acquisitions, the Company will issue:

- (i) 240,000,000 Shares and 240,000,000 Performance Rights as part consideration for the Acquisitions;
- (ii) a maximum of 944,000,000 Shares and 314,666,667 New Options under the Entitlement Offer;
- (iii) 25,000,000 Shares and 25,000,000 New Options to CPS Capital (and/or its nominee/s) under the Broker Offer; and
- (iv) a maximum of 630,000,000 New Options under the Options Offer.

The capital structure upon completion of the Acquisitions is set out in Section 5.9.

The issue of the Shares, Performance Rights and New Options will dilute the interests of existing Shareholders (assuming conversion of the Performance Rights and exercise of the New Options). There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Projects.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters.

(d) **Liquidity risk**

On completion of the Acquisitions, the Company proposes to issue the Securities outlined in Section 8.2(c) above. The Directors understand that ASX may treat a portion of these Securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. As a significant number of the Company's Securities will be subject to escrow upon Settlement, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.

8.3 Company specific

(a) **Title Risk**

Regarding oil and gas leaseholds in the USA, the Company will acquire working interests in oil and gas leaseholds from mineral rights owners. As existing lease terms expire, the Company will either let the lease lapse or seek to extend or renew the lease on the best possible commercial terms. Certain leases are, at the Company's election, capable of renewal or extension. There is no guarantee however that:

- (i) existing oil and gas leases can be renewed, extended or reacquired on expiry upon commercially acceptable terms; or
- (ii) leases on new areas can be acquired.

Title to oil and gas interests in any country are subject to geo-political, regulatory and sovereign risk as described below.

(b) **Geopolitical, Regulatory and Sovereign Risk**

Exploration for and development, exploitation, production and sale of oil and natural gas is subject to laws and regulations, including complex tax laws and environmental laws and regulations, employment law and other laws. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could adversely affect the Company. Certain of these laws may have material penalties and fines for instances of non-compliance. In addition to governmental legal action, private parties may pursue legal actions to enforce these laws and regulations against industry participants.

The Company's assets are located in Texas in the the United States of America. As a result, they are subject to the environmental laws and regulatory requirements of that state and country.

Whilst the USA is considered to be politically stable the leases held by the Company may be effected by any changes in government policy or legislation.

Changes in government regulations and policies may also adversely affect the financial performance or the current and proposed operations generally of the Company. The ability to explore and develop oil and gas leases can be affected by changes in government regulations, policies or legislation in different jurisdictions, that are beyond the control of the Company and these changes may also adversely affect the financial performance or the current and proposed operations of the Company. In order to be compliant, certain permits, approvals, and certificates must be obtained and maintained and the cost of any of these may substantially increase from current levels.

(c) **Hydraulic Fracturing**

Public debate exists regarding the potential sub-surface and surface impacts of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water. In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should the Company produce water in its wells.

As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from local, state, or federal governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

(d) **Exploration and Development Risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to oil and gas leases and interests;
- (v) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future oil and gas leases or interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(e) **Commercialisation and infrastructure access**

The Company's potential future earnings, profitability and growth are likely to be dependent on the Company being able to commercialise any oil and gas reserves that may exist on the oil and gas leases in which the Company currently has an interest or that are acquired by the Company in the future. The ability of the Company to do so is further dependent on a number of factors, including matters which may be beyond the control of the Company.

Sales of oil and gas, if applicable, will be affected by the availability, terms and costs of transportation. The Company's ability to sell and market any oil and gas produced will be negatively affected should it be unable to secure adequate transportation and/or processing facilities. Further, access will depend on the proximity and capacity of pipelines and processing facilities. The Company may be required to develop its own pipeline infrastructure or secure access to third party pipeline infrastructure in order to deliver its product to customers and markets.

(f) **Oil and gas price fluctuations**

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

(g) **Environmental**

The operations and proposed activities of the Company on the Projects are subject to laws and regulations concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The cost and complexity of complying with applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable oil and gas resources.

Oil and gas operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The disposal of waste is under constant legislative scrutiny and regulation. There is a risk that

environmental laws and regulations become more onerous making the Company's operations more expensive.

(h) **Oil and gas estimates**

Oil and gas estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, oil reserves are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial oil flow plans which may, in turn, adversely affect the Company's operations.

(i) **Capital intensive business risk**

The drilling of wells to discover whether there is oil or gas is a highly capital intensive business and will require the Company to raise capital in the future. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on favourable terms. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

(j) **International Operations**

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition in respect of the Projects.

(k) **Commodity Price Volatility and Exchange Rate Risks**

If the Projects achieve success leading to oil and gas production, the revenue the Company will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

(l) **Lack of Executive Management**

The Company's management currently consists of three non-executive directors. Both Anthony Brennan and Gary Steinepreis have experience at a Board and management level with oil and gas companies in various countries including the USA, Africa, Australia and Russia. The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company.

As the Company's projects require an increased level of involvement the Board will appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

There is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its preferred exploration programmes in its preferred timetable. The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on the Board. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these Directors cease their employment.

8.4 General risks

(a) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Entitlement Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. At the date of this Prospectus,

neither the Company nor the Vendors are currently engaged in any litigation in relation to the activities of the Company or the Projects.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(g) **Potential acquisitions risk**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(h) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisitions. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(i) **Force Majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **General economic and political risks**

Changes in the general economic and political climate in Australia, the United States of America and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

(k) **Regulatory risk**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in any of the countries in which the Company operates may adversely affect the financial performance of the Company.

(l) **Insurance**

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, the Company will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

8.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

9. INDEPENDENT TECHNICAL EXPERT'S REPORT

INDEPENDENT TECHNICAL EXPERT'S REPORT

Presidio Oil Project and Trinity Oil Project

Presidio, Trinity, Houston and Walker Counties, Texas, USA

Prepared for

New Horizon Coal Ltd

(to be renamed Helios Energy Limited)

By

Ralph E. Davis Associates, LLC

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Statement of Limitations

In the case of undiscovered resources or a subcategory of undiscovered resources, or disclosure of Prospective Resources:

“The estimated quantities that may be potentially recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons”.

Note that when referring to Prospective Resources they are as yet undiscovered.

Note that with any resource volumes as stated in the Report are on a before risk basis.

Unless otherwise stated, all currency is quoted in US Dollars (US\$). All the amounts quoted in this document are estimates.

Prospective Resources are undiscovered hydrocarbons and as such there is no guarantee whatsoever that the indicated volumes will be produced, developed or achieved.



The Board of Directors
New Horizon Coal Ltd
(to be renamed Helios Energy Limited)
("Company")

Gentlemen

TRINITY OIL PROJECT AND PRESIDIO OIL PROJECT

At your request, the firm of Ralph E. Davis Associates, LLC ("**Davis**") of Houston, Texas USA has prepared an estimate of the oil and natural gas Prospective Resources with respect to certain leases of oil and gas mineral rights situated at the intersection of Trinity, Houston and Walker Counties, Texas, USA (which in aggregate total to a minimum of 3,118 net acres) ("**Trinity Oil Project**") and Presidio County, Texas, USA (which in aggregate total to a minimum of 6,280 net acres) ("**Presidio Oil Project**") in which the Company proposes to acquire a working interest ("**WI**").

This Independent Technical Expert's Report ("**Report**") presents our estimate of the Prospective Resources that may be produced from the leases that comprise the Trinity Oil Project and the Presidio Oil Project, if successfully developed.

In preparing this Report, Davis has only reviewed those leases in which the Company proposes to acquire a working interest and which, in our opinion, contain Prospective Resources.

The Prospective Resources in this Report conform to the definition approved by the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE-PRMS) document as co-sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the American Associate of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Presidio Oil Project
(6,280 net acres)
As of February 1, 2017

| | Prospective Resources | | | |
|-----------------------------|------------------------------|-------------------------|---------------------|---------------------|
| | <u>Edwards</u> | <u>Eagleford</u> | <u>Olmos</u> | <u>Total</u> |
| <u>Net Resources</u> | | | | |
| Oil/Condensate-MBbls | 14,998.3 | 11,454.6 | 1,920.0 | 28,372.9 |
| Gas-MMCF | 1,499.8 | 22,909.2 | 10,411.4 | 34,820.4 |

Table 1: Best Estimate of Prospective Resources (100%WI)

Table 1 above contains our best estimate of the Prospective Resources of the Presidio Oil Project (on a 100%WI basis). Crude oil volumes are expressed in standard 42 gallon barrels. Gas volumes are expressed in million cubic feet (MMcf) at the official temperature of 60 degrees Fahrenheit and pressure base of 14.65 psia. The maximum WI the Company will be earning in the Presidio Oil Project however is a 70%WI and therefore the best estimate of the Prospective Resources of the Presidio Oil Project (on a 70%WI basis) is contained in Table 2 below:

| | Prospective Resources | | | |
|-----------------------------|------------------------------|-------------------------|---------------------|---------------------|
| | <u>Edwards</u> | <u>Eagleford</u> | <u>Olmos</u> | <u>Total</u> |
| <u>Net Resources</u> | | | | |
| Oil/Condensate- MBbls | 10,498.8 | 8,018.2 | 1,344.0 | 19,861.0 |
| Gas-MMCF | 1,049.9 | 16,036.4 | 7,288.0 | 24,374.3 |

Table 2: Best Estimate of Prospective Resources (70%WI)

Presidio Oil Project – 3 Prospects

The Company has requested an evaluation of the Presidio Oil Project located in Presidio County, Texas on which prospects for oil reservoirs in the Edwards, Olmos and Eagleford formations are located.

The Presidio Oil Project lies within a relatively undisturbed zone of recurrent normal faulting along the western margin of the Diablo Platform and the eastern edge of the Eastern Chihuahuan Tectonic Belt, and is characterized by numerous graben or half graben features. The area could also be thought of as the southeastern most boundary of the Rio Grande Rift, a major extensional feature dominating the region to the north. Regardless, these fault structures provide the possibility for traps similar to those faulted structures which produce the vast majority of Cretaceous oil in South Texas. The oil prospects that comprise the Presidio Oil Project were defined by a combination of surface (primarily for fault traces) and subsurface mapping. Although drilling in the area is relatively sparse, the few completions that have been tested locally have produced 37°API oil with some associated gas, greatly de-risking the presence of hydrocarbons.

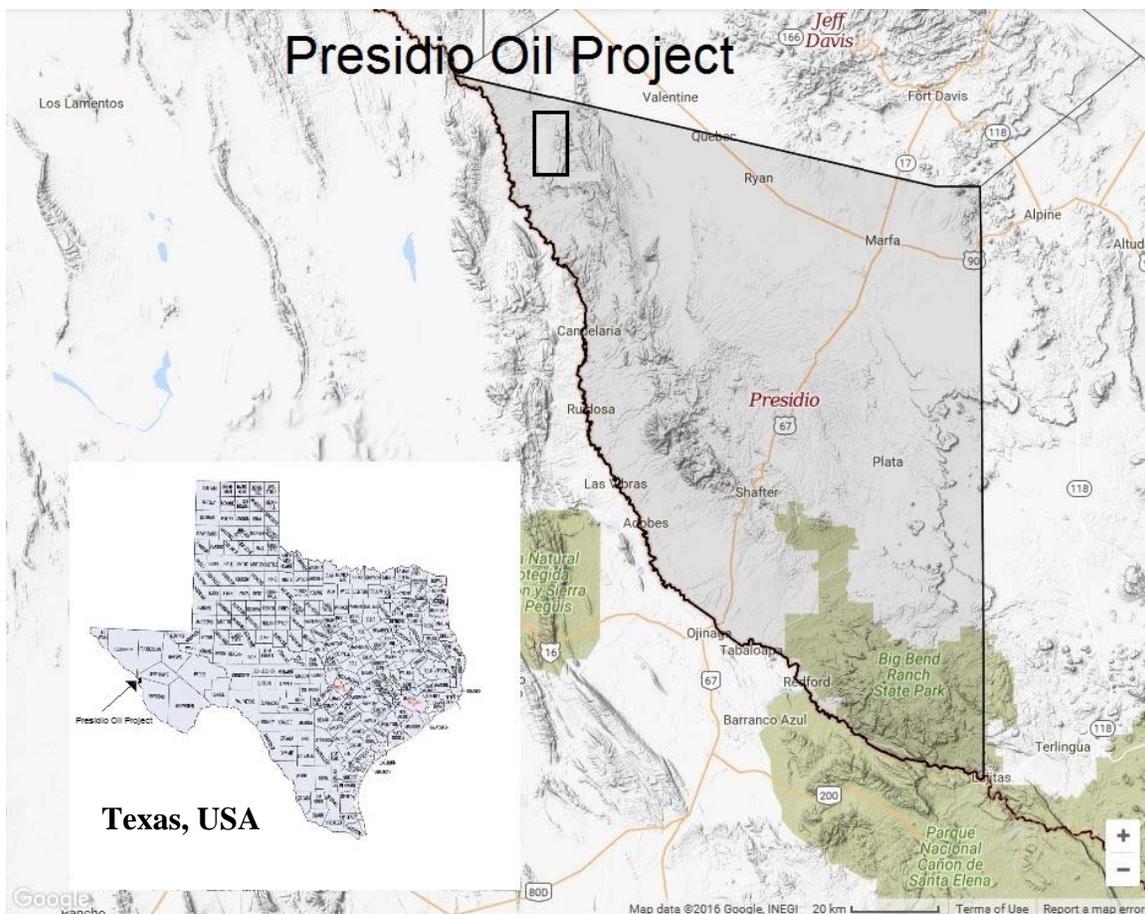


Figure 1: Presidio Oil Project (6,280 net acres)

Olmos Sand Prospect

The Quinn Mesa drilling location within the Presidio Oil Project is a 3,000 foot vertical Olmos Sand test for oil in the high porosity/permeability Olmos (San Carlos) Sands.

The Quinn Mesa drilling location is a straight forward attempt to move updip to production within a productive fault block. The Marland Energy-Berthold #1 well was completed as an oil well in the Olmos, but there is no record of production except for an IP after frack of 5 BOPD with 3,000 BWPDP.

The area of the mapped closure updip of the Marland well is 1,834 acres. Our analysis of the data indicates that the net pay in this location for Olmos should be 28 feet to as much as 40 feet. Sidewall core porosity through the interval averages about 25%.

Good permeability response is indicated on the Texaco-Berthold #1 microlog, with sidewall cores measuring permeabilities in the 100mD range in the Marland (Mariah) well. The sidewall cores in the Marland well measured Sw in the 60% range, which may explain why the well was completed but quickly abandoned. Logs and testing of other wells in the area indicate that an overall Olmos Sand section of 1,360 feet could contain three or four other productive sand intervals. For the purpose of resource estimation, a case for four 30 foot intervals is presented in the volumetric analysis.

Key Wells: Marland (Mariah) Energy-Berthold #1 (3,030 feet TD). Westland Oil Dev. Pamela S. Berthold #1 (7,780 feet TD). Texaco PS Berthold Unit #1 (3,800 feet TD).

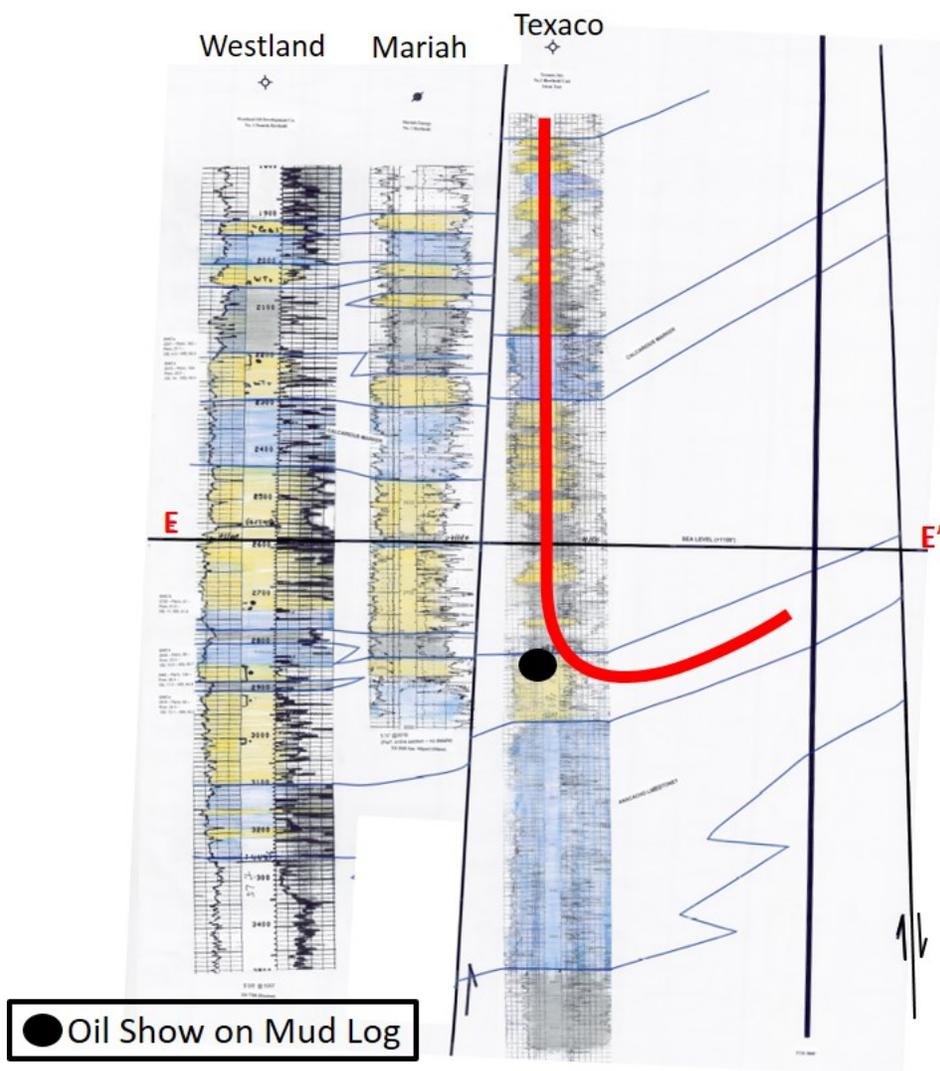


Figure 2: Olmos (San Carlos) Cross section of wells directly downdip of the Quinn Mesa Drilling Location. Texaco well could be re-entered and drilled laterally in updip direction or new well drilled vertically.

Edwards Formation Prospect

The Quinn Creek drilling location is a 5,000 foot vertical Edwards Limestone prospect for Eagle Ford Shale oil sourcing the porous Edwards Limestone reservoir, in a horst feature. The Company plans to drill deep enough to test the Hosston. A strong water drive is anticipated. Although the Quinn Creek drilling location is presented as an Edwards (and Hosston) test, the Olmos Sand should also be considered as a primary objective (next fault block). The Quinn Creek drilling location is comprised of a horst block with at least 800 feet of down-to-the platform throw and 500 feet of down-to-the basin throw along its seven (7) mile length. The total area of mapped closure at top of Buda is 3,555 acres. Subject to commercial success, and assuming 40 acre well spacing, this trap would require 88 wells to fully develop. The Quinn Creek drilling location is only two miles due west of the Quinn Mesa drilling location and, based on our analysis of the data, it is appropriate to assume the Olmos Sand reservoir properties to be the same as those used for the Quinn Mesa drilling location. The Edwards/Georgetown section in the Westland well is described as 1,200 feet of miliolid-bearing wackestone-packstone, and local outcrops of the section exhibit “cavernous porosity”. The highly faulted nature of the area is anticipated to contribute to natural fracturing in this carbonate section. Productive Edwards Limestone wells in the South Texas trend of similar lithologic description report porosity ranges from 3% to 16%. For the purpose of resource estimation, 200 feet of Edwards Limestone with porosity of 5% is presented.

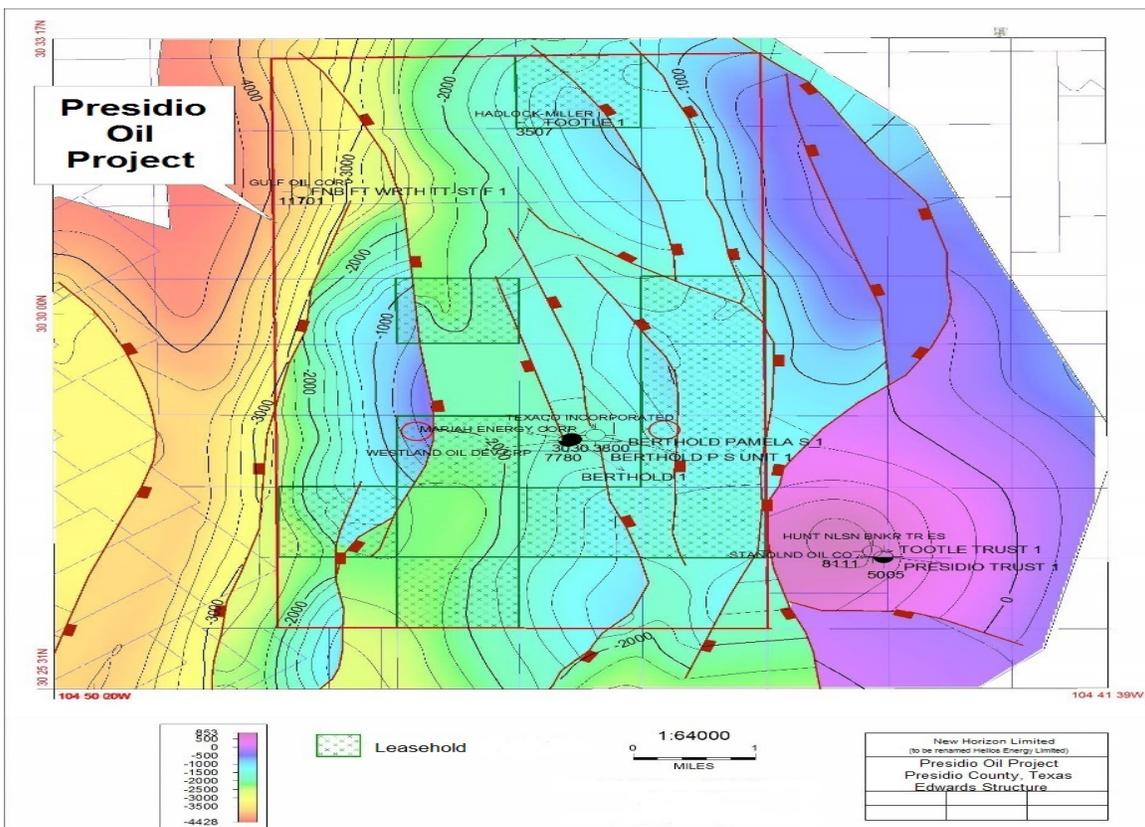


Figure 3: Edwards Structure Map

| Zone | Approximate Depth (feet) | Average Pay Thickness (feet) | Porosity % | Sw % | RF % | Area (AC) | OOIP (MBO) | ROIP (MBO) |
|-----------------------------|--------------------------|------------------------------|------------|--------|--------|-----------|------------|------------|
| Primary Objectives | | | | | | | | |
| Olmos (Quinn Mesa) | 2,800 | 80 | 27.00% | 35.00% | 20.00% | 40 | 114 | 23 |
| Olmos 4 Sands | 2,800 | 80 | 27.00% | 35.00% | 20.00% | 640 | 1,826 | 365 |
| Edwards | 4,600 | 200 | 5.00% | 35.00% | 10.00% | 40 | 1,786 | 179 |
| Secondary Objectives | | | | | | | | |
| Eagle Ford | 3,000 | 193 | 9.00% | 30.00% | 4.00% | 40 | 3,345 | 134 |
| Hosston | | | | | | | | |

Table 3: Summary of Volumetric Estimates

Stratigraphy

Faunal and lithological zonations have provided reliable age-dating and correlation of Cretaceous rock units from south Texas producing areas to outcrops in eastern Chihuahua and thence to the subsurface in Presidio County, Texas where a complete Cretaceous section of nearly 10,000 feet in thickness is preserved.

The Cretaceous Basins: Gulf of Mexico, Maverick, Parras, Sabinas and Chihuahua were a series of interconnected basins, which contained identical rock units. All of them possess similar depositional environments.

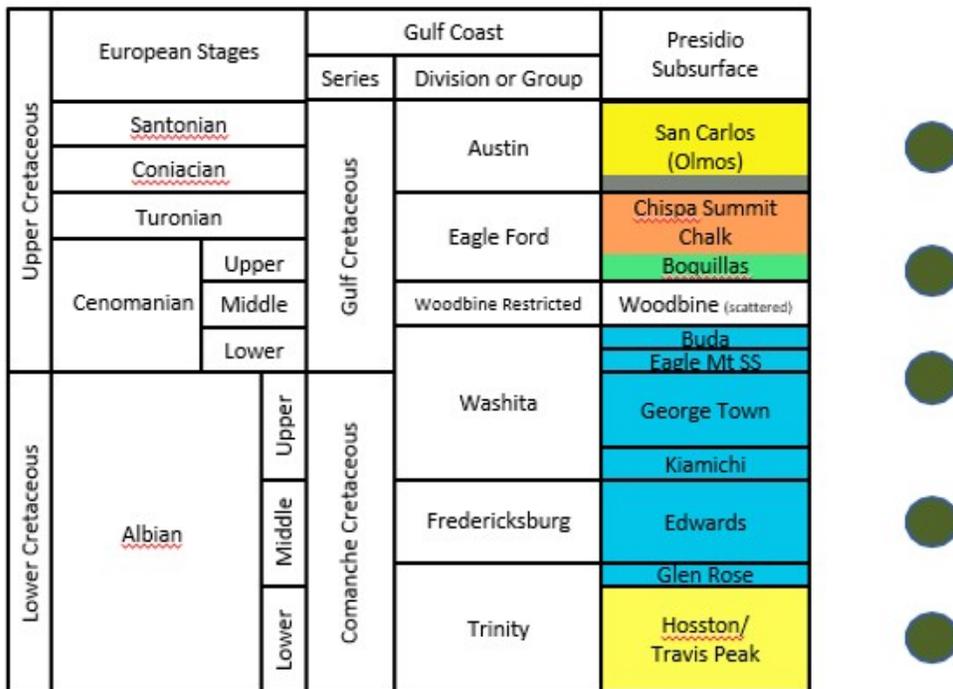


Figure 4: Stratigraphic Column – Eagle Ford Trend/Rio Grande Rift Basins

Eagle Ford Prospect

The drilling and evaluation of the Edwards and Olmos Sands prospects could prove up significant potential in unconventional reservoirs.

Until the oil price collapse of late 2014, there was rapidly increasing interest and activity in shale reservoirs in general and the Eagle Ford formation specifically. Even in the current price environment, the “Eagle Ford trend” has been continually expanding both to the northeast and to the west (where the Presidio Oil Project is located) from its original discoveries located in south central Texas.

Although the Presidio Oil Project is in an adjacent geologic province to the main Eagle Ford trend, and is significantly shallower, it contains analogous structural and stratigraphic features. Also, due to its frontier nature, the area has relatively little regional subsurface data or nearby sustained analog production to work with. Notwithstanding, the Company has provided several compelling pieces of evidence (that we have reviewed) that in combination with the surface geology, suggest that the area is prospective for oil and gas.

The Eagle Ford in the Presidio Oil Project is a 900 feet to 1,000 feet section of illitic, calcareous and carboniferous shale which lies directly above the Buda limestone at an average depth of 2500-4000 feet. It is correlative, both lithologically and paleontologically with the prolific South Texas Eagle Ford formation. This also includes the productive Boquillas facies of the Eagle Ford. Total organic content (**TOC**) and additional rock evaluation tests were run on outcrop collections and well cuttings by Core Lab confirming the area contains oil, dry gas and wet gas windows.

TOC analysis was run on Eagle Ford outcrops from Hudspeth County southeast as far as the Big Bend Park with encouraging results. All available cuttings from wells in the area were examined for TOC and Rock EVAL by Core Lab. TOC was analysed from three old cable tool wells drilled between 1928 and 1930. TOC reached 2 – 2.5% in substantial thicknesses in these old wells with good indications of maturity. The choice TOC expected in the better portions of the South Texas Eagle Ford trend is around 4%. However, the cuttings had been stored in paper sacks and housed in open warehouses for over 80 years. It is our view that this amount of exposure to the atmosphere could easily cause the TOC values to deteriorate as much as 50% or more.

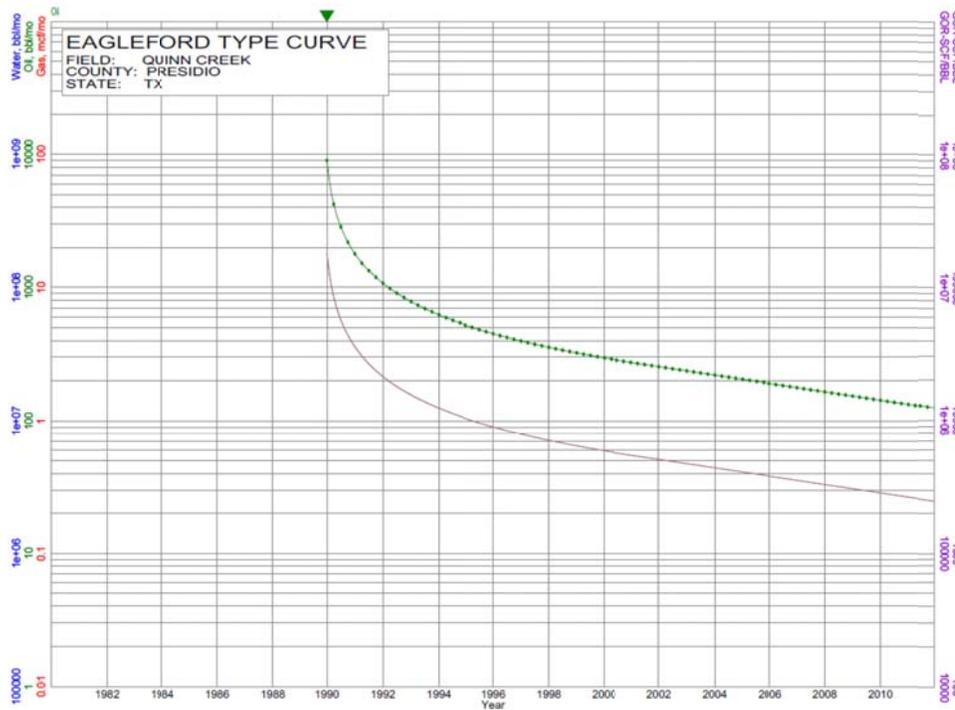


Figure 5: Eagle Ford Type Curve

Data Sources

The Company provided the basic geologic well and field data used in the preparation of the resource estimates included in this Report. This data was reviewed by Davis. Additional sources such as IHS, DrillingInfo, USGS, TNIRIS, and the Texas RRC were used to compliment and confirm the Company’s data. As previously mentioned analogous wells from other areas of the trend were used to develop the type curve.

Land and Location Considerations

The Presidio Oil Project is currently comprised of 6,280 net acres within a 20,480 acre Area of Mutual Interest (Figure 1). This could become a continuation of the Eagle Ford trend that is productive from East to West Texas. Some consideration should be given to the Presidio Oil Project’s remoteness and relatively rugged terrain when forecasting development capital.

Costs

Development costs for new wells to be drilled into either the Edwards or Olmos Sands prospects are anticipated to be approximately US\$500,000 each for drilling, stimulation and completion.

**Trinity Oil Project
(3,118 Net Acres)
As of February 1, 2017**

| | Prospective Resources |
|----------------------|------------------------------|
| <u>Net Resources</u> | Total |
| Oil/Condensate-MBbls | 7,197.9 |
| Gas-MMCF | 10,796.9 |

Table 4: Best Estimate of Prospective Resources (100%WI)

Table 4 above contains the best estimate of the Prospective Resources of the Trinity Oil Project (100% WI). Crude Oil volumes are expressed in standard 42 gallon barrels. Gas volumes are expressed in million cubic feet (MMcf) at the official temperature of 60 degrees Fahrenheit and pressure base of 14.65 psia.

Eaglebine, Buda and Glen Rose Prospects

There has been increased interest and activity in the Woodbine, Eagle Ford, Buda, and Glen Rose formations (“Eaglebine” and “BudaRose”) in the Trinity, Houston and Walker county areas.

This is a continuation of the Eagle Ford trend that is productive from south through east Texas. The Company’s focus is in Trinity County, Houston and Walker counties in Texas, USA. The Trinity Oil Project is comprised of 3,118 net acres (Figure 6). The area is located about 100 miles northwest of Houston, and can be considered as a northeastward extension of the very well documented South Texas Eagle Ford trend.

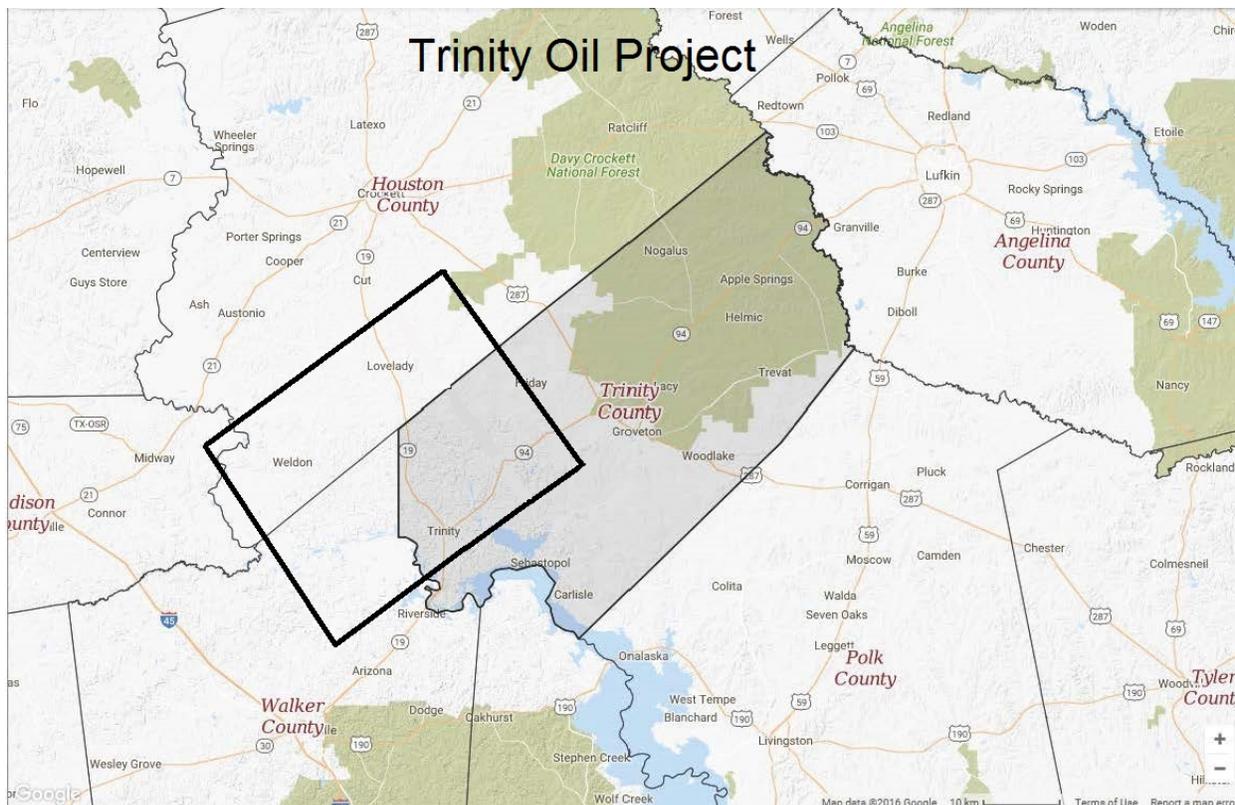


Figure 6: Trinity Oil Project (3,118 net acres)

The play is focused on the thick, organically rich section located below the Austin Chalk formation through the Glen Rose formation. The overall section contains both conventional and unconventional reservoirs. Regionally, the Woodbine has been subdivided into several other zones (i.e. Dexter, Lewisville), but for the sake of this Report, the whole Eaglebine/BudaRose section (both conventional and unconventional zones) has been averaged together based on thickness and rock properties typical of each type.

Figure 7 shows the stratigraphic column for the area and depicts the various reservoirs and source rocks. The vast majority of the target section should be classified as unconventional tight oil reservoirs.

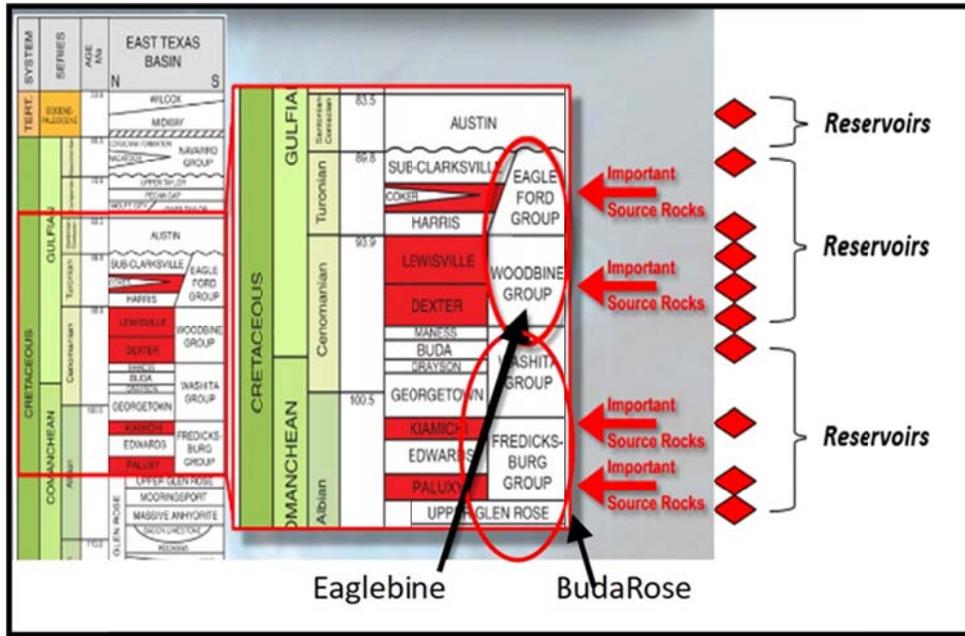


Figure 7: Stratigraphic Column showing prospective interval

There is established production from wells within the vicinity of the Company’s lease holdings and the target section has provided to be prolific in the immediate area with cumulative production of approximately 9 million barrels of oil and 39 billion cubic feet of gas from the area outlined on Figure 8.

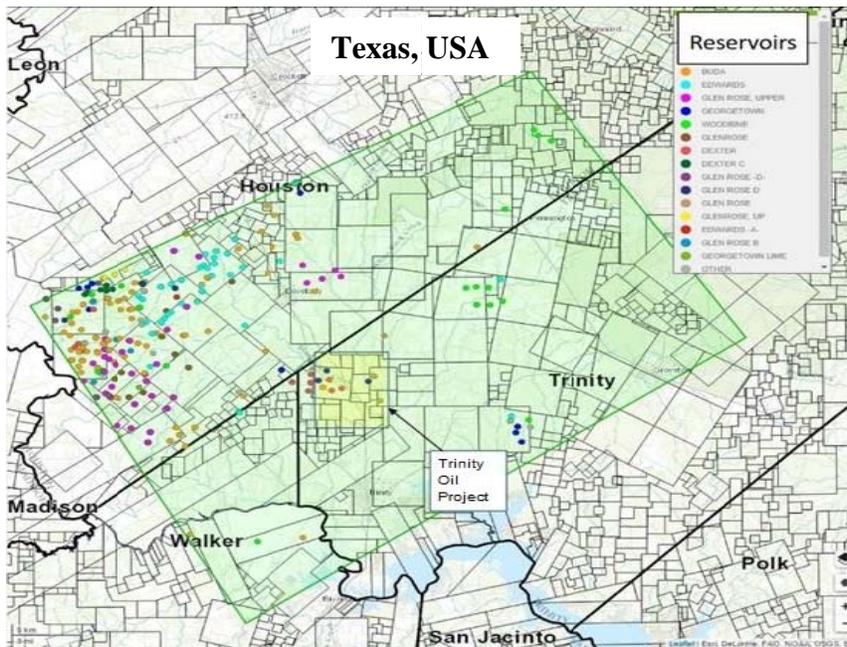


Figure 8: Map showing locations of wells by production zones

The Company provided Davis with a rigorous regional geologic study that was completed recently by White Birch Exploration LLC in relation to the Trinity Oil Project. The study, which was reviewed by Davis, supports our opinion that the Eaglebine section in the area of the Trinity Project is highly prospective for oil and gas. Although the study did not address the potential of the BudaRose section, the proximity to the large Fort Trinidad Field just to the north, coupled with recent activity in that area and minor production from the interval on adjacent leases suggests that the BudaRose has potential.

The Fort Trinidad Field was discovered in 1953 and has yielded considerable oil from various intervals of the Glen Rose formation. The field peaked in the 1960's and 1970's at 9,500 barrels of oil equivalent per day (BOE/day). By mid-2012 production had dropped to 150 BOE/day. The field was acquired by Treadstone Energy Partners in 2012 when they began recompleting old wells into the Buda and Georgetown. In May 2014 field production had increased to 9,000 BOE/day. Fort Trinidad reserves spread across 15,000 acres in Madison and Houston counties, Texas.

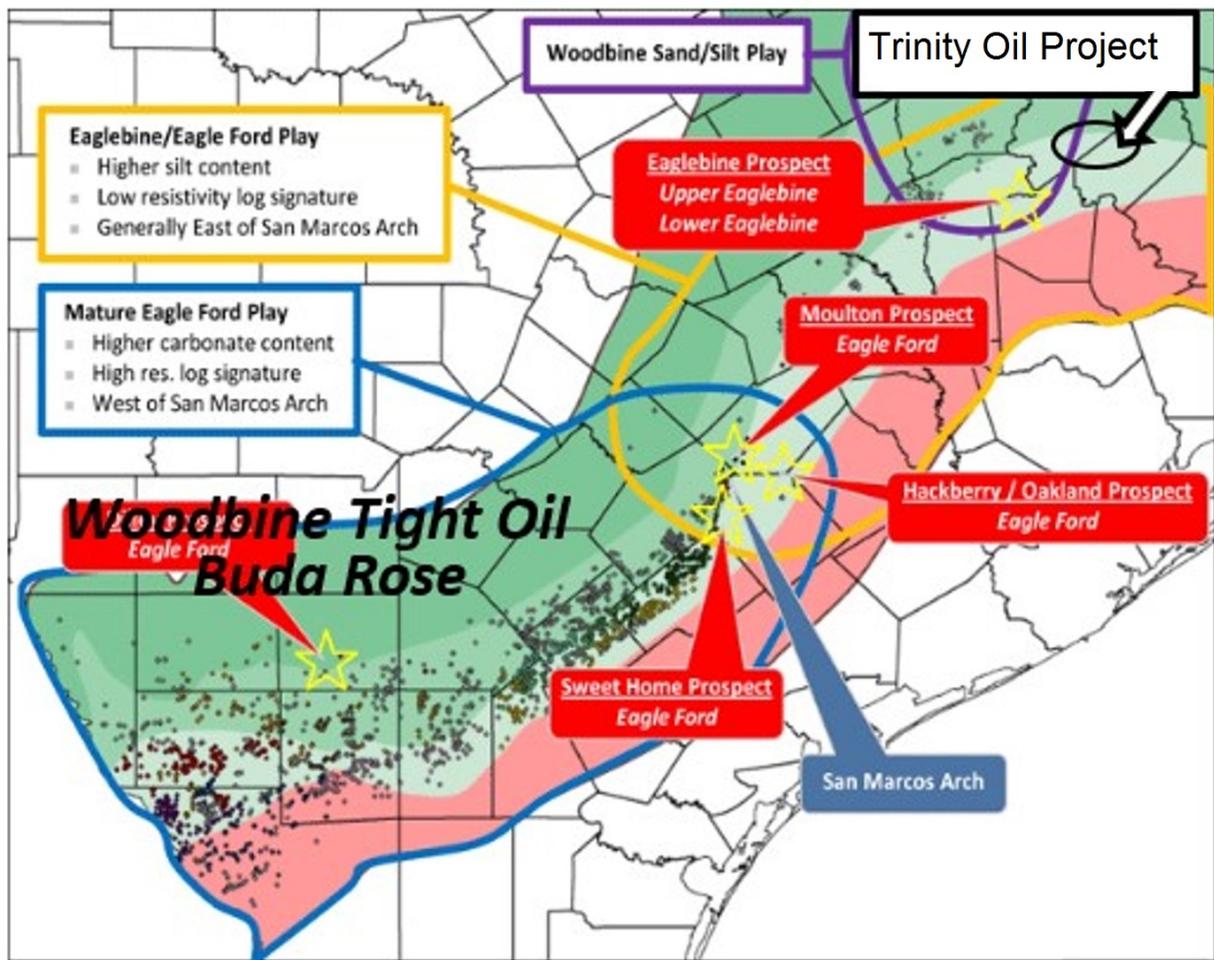


Figure 9: Depicts Oil Rich Mature Source Fairway

The Trinity Oil Project is in the ideal oil-rich gas maturity window with this area being comparable to and in some respects better than other desired areas of the Eaglebine and BudaRose plays. Outlined are the Woodbine Sand-Silt Tight Oil Play, Eaglebine Eagle Ford Play, and the proven Eagle Ford Play. The map (Figure 9) is banded by thermal maturity. Red is gas, light green is condensate rich gas, darker green is oil. Optimum depths are between 7,500 feet and 13,500 feet. The thickness of the interval (several thousand feet overall) high total organic content (4-12%) and high silica content (~40%) of the shale zones provide a favorable geological setting for a high-potential resource play that may be unlocked with fracking technology. These deposits are silled (trapped in slight depression in the continental shelf) between the Edwards and Sligo margins.

Drilling Options

The Company will have the option to develop the Trinity Oil Project with fracked horizontal wells into the Lower Woodbine, or vertical wells with individual completions in the target intervals. An additional alternative would be to drill vertical wells and to comingle all the completed fracked intervals into a single production stream. The following type curve reflects the anticipated performance of this last technique.

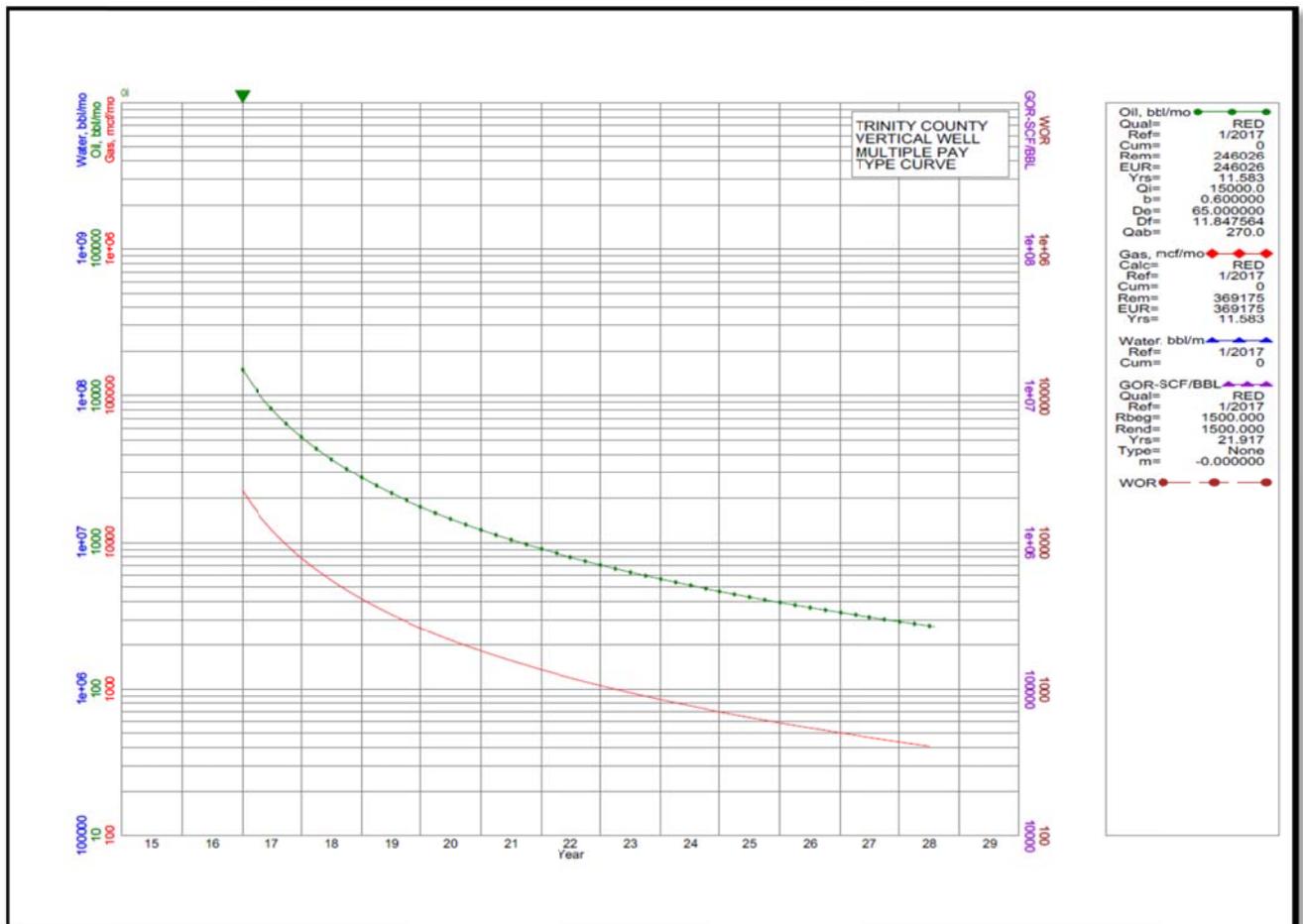


Figure 10: Comingled Intervals Type Curve

Initially, the wells would be drilled on 160-acre spacing, but infill drilling may be necessary in the future. A type curve was developed using analogous productive wells in the area. Based on an initial production rate of 500 BOPD, an average well should produce approximately 250,000 barrels of oil (Figure 10). This figure is reasonable in that the volumetric estimate for a well on 160-acre spacing is 247 Mbo at an 8% recovery factor.

The volumetric estimates of potentially recoverable resources for the Trinity Oil Project drilling vertical wells which then comingle all the fracked intervals are estimated to be 5,000,000 barrels of gross oil across 3,118 net acres.

Data Sources

The Company provided a comprehensive resource evaluation which forms the basis for much of the data used in the preparation of the resource estimates included in this Report. This evaluation was reviewed by Davis. Additional sources such as DrillingInfo, USGS, TNRIS, and the Texas RRC were used to compliment and confirm the Company's data. As previously mentioned analogous wells from other areas of the trend were used to develop the type curve.

Costs

The following costs are likely for a vertical well which then comingles all the fracked intervals:

| | |
|--------------------|--------------------------|
| Drill and Complete | US\$3.5 MM per well |
| Operating Cost | US\$6,000 per well/month |

The following costs are likely for a fracked horizontal well into the Lower Woodbine:

| | |
|--------------------|--------------------------|
| Drill and Complete | US\$8.0 MM per well |
| Operating Cost | US\$9,000 per well/month |

Well capital costs and well operating costs were estimated using information from analogous wells. The drilling and completion costs are based upon actual costs from similar wells in Madison County, Texas.

Resources Estimates

The resource estimates presented in this Report have been estimated using engineering and geological methods widely accepted in the industry. For the purpose of this Report, volumetric estimate methods were used to determine all the resource volumes.

Drilling Program and Budget

The table below outlines an example drilling Program and Budget for the Trinity Oil Project and the Presidio Oil Project which is suitable and appropriate in order to test targets in each of the Trinity Oil Project and the Presidio Oil Project. It assumes that the necessary financing is in place.

| Technical Activity | A\$12,000,000 Raised (A\$) | A\$18,880,000 Raised (A\$) |
|---|---|---|
| Drilling Program in first 24 months after Listing on ASX ¹ | A\$6,666,666 | A\$6,666,666 |

Note 1: This assumes 3 conventional vertical wells in the Presidio Oil Project costing US\$500,000 each and one vertical well which then comingles all the fracked intervals in the Trinity Oil Project costing US\$3,500,000.

General

The Company has provided access to all of its accounts, records, geological and engineering data, reports, and other information as required for this Report. The ownership interests, product and other factual data were accepted as furnished without verification.

Please note that state regulatory authorities could, in the future, change the allocation of resources allowed to be produced from a particular well in any reservoir, thereby altering the material premise upon which our resource estimate may be based.

Davis has used all methods and procedures as is considered necessary under the circumstances to prepare this Report.

If investments or business decisions are to be made in reliance upon these estimates, such person with the approval of the Company is invited to arrange a visit to our offices so that they can evaluate the assumptions made and the completeness and extent of the data available on which these estimates are made.

This Report has been prepared for inclusion in a prospectus to be issued by New Horizon Coal Ltd (to be renamed Helios Energy Limited).

Neither Ralph E. Davis Associates, LLC nor any of its employees have any interest in the subject properties and neither the appointment to make this Report nor the compensation is contingent on its estimates of resources for the subject properties.

The data and work papers used in preparing this Report are available for examination by authorised parties in our offices.

RALPH E. DAVIS ASSOCIATES, LLC



L.B. Branum, P.E.
Senior Vice President



Appendix

Petroleum Resources Management System

Reserves Category Definitions and Guidelines

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see “2001 Supplemental Guidelines,” Chapter 8).

Reserves in undeveloped locations may be classified as Proved provided that:

1. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive.
2. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.

For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.

Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project.

Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

Probable and Possible Reserves (See above for separate criteria for Probable Reserves and Possible Reserves).

The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.

In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.

Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.

In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Transcribed from 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System document Table 3



PROFESSIONAL QUALIFICATIONS

Ralph E. Davis Associates, LLC is a Texas Corporation with offices located at 711 Louisiana St., Suite 3100, Houston, Texas 77002. The firm has been providing petroleum engineering and geological consulting services throughout the world for some 88 years. The firm's professional engineers, geologists, geophysicists and economists are engaged in the independent appraisal of oil and gas properties, evaluation of hydrocarbon and other mineral prospects, basin evaluations, comprehensive field studies, equity analyses and studies of supply and economics related to the energy industry. Except for the provision of professional services on a fee basis, Ralph E. Davis Associates, LLC has no commercial arrangement with any other person or company involved in the interests which are the subject of this Report.

This evaluation has been supervised by Allen C. Barron. Mr. Barron is President of Ralph E. Davis Associates, LLC and a licensed Professional Engineer in the State of Texas, USA. He has 43 years of oil and gas industry experience and 33 years of applicable evaluation experience.

Signed: February 1, 2017

Submitted,
RALPH E. DAVIS ASSOCIATES, LLC

Allen C. Barron P.E.
President





Certificate of Qualification

I, Lloyd B. Branum, of 711 Louisiana Street, Suite 3100, Houston, Texas 77002 hereby certify:

1. I am an employee of Ralph E. Davis Associates, LLC that has prepared an estimate of the oil and gas reserves on specific leaseholds in which New Horizon Coal Ltd (to be renamed Helios Energy Limited) has certain interests. The effective date of this evaluation is February 1, 2017.
2. I am Licensed Professional Engineer by the State of Texas, P.E. License number 42019.
3. I attended the University of Missouri at Rolla, Rolla, Missouri and graduated with a Bachelor of Science Degree in Petroleum Engineering in 1970. I have forty three years of experience in the Petroleum Industry of which over thirty years experience are in the conduct of evaluation and engineering studies relating to both domestic U.S. oil and gas fields and international energy assets.
4. I have prepared reserve evaluation studies and reserve audits for public and private companies for the purpose of reserve certification filings in foreign countries, domestic regulatory filings, financial disclosures and corporate strategic planning. I personally supervised and participated in the evaluation of the New Horizon Coal Ltd (to be renamed Helios Energy Limited) properties that are the subject of this Report.
5. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of New Horizon Coal Ltd (to be renamed Helios Energy Limited) or any affiliated organizations.
6. A personal field inspection of the properties was not made, however, such an inspection was not considered necessary in view of the information available from information, records and the files of the operator of the properties.

Signed: February 1, 2017

Lloyd B. Branum, P.E.
Senior Vice President
Ralph E. Davis Associates, LLC





Consent of Author

February 1, 2017

To: The Board of Directors
New Horizon Coal Ltd
(to be renamed Helios Energy Ltd)
(“**Company**”)

The undersigned consultancy firm, Ralph E. Davis Associates, LLC, acknowledges that it has evaluated the Trinity Oil Project and the Presidio Oil Project for the Company and hereby grants its consent to the use of its name or the use of this Report in its entirety in all filings required by the Company including but not limited to a prospectus to raise A\$18,880,000.

The effective date of this Report is February 1, 2017.

RALPH E. DAVIS ASSOCIATES, LLC

A handwritten signature in blue ink, appearing to read 'Lloyd B. Branum', is written over a horizontal line.

Lloyd B. Branum, P.E.
Senior Vice President



Glossary

| | |
|-----------------------|--|
| IP, 2P, 3P | Proved, Proved plus Probable, Proved plus Probable plus Possible Reserves |
| A\$ | Australian dollar |
| AAPG | American Association of Petroleum Geologists |
| API | American Petroleum Institute units of specific gravity of liquid petroleum; specific gravity at 60 ⁰ F = 141.5/(API ⁰ Gravity + 131.5) |
| Acres (AC) | Unit of area, 640 acres = 1 mile ² = 5,280 feet ² |
| ASX | Australian Securities Exchange |
| Bbl | Barrel |
| Bopd | Barrels of oil per day |
| BOE | Barrels of oil equivalent |
| Bwpd | Barrels of water per day |
| GOR | Gas-oil ratio |
| Graben | depressed block of land bordered by parallel faults |
| Hydraulic Fracture | The breaking of perforated section of rock with gas, water, polymer and proppant with the purpose to improve the conductivity of the wellbore to natural fractures and/or greater volume of lower permeable reservoir rock. Sometimes called Fracture Stimulation. (Slang: fracking,, hydrofracking) |
| IHS | Information Handling Services |
| IP | Initial production rate |
| MBbbls | Thousands barrels of oil |
| Mbo | Thousands barrels of oil |
| mD | Millidarcies in units of square feet or square meters |
| MM | Millions |
| MMcf | Millions cubic feet of gas at standard conditions |
| Fault | Break in the rocks that make up the Earth's crust and the rocks on either side have moved past each other |
| OOIP | Original oil in place |
| P.E. | Licensed Professional Engineer in the State of Texas |
| Permeability | Ability of fluids to flow through rocks |
| Porosity | Measure of voided space in a rock that can contain oil or gas |
| PRMS | Petroleum Resources Management System SPE/SPEE/AAPG/WPC 2008 |
| Prospective Resources | Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub- classified based on project maturity. |
| Proved | Proved Reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. |
| Proved plus Probable | Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. |

| | |
|------------|--|
| psia | Pounds per square inch, Pounds per square inch measured at atmospheric conditions, Pounds per square inch measured at gauge conditions |
| Reserves | Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions as defined as per SPE/SPEE/WPC/ AAPG/SEC. |
| ROIP | Remaining oil in place |
| Resources | Those volumes of hydrocarbons either yet to be found (prospective) or if found, the development of which depends upon commerciality being resolved (contingent) |
| SPE | Society of Petroleum Engineers |
| SPEE | Society of Petroleum Evaluation Engineers |
| Sw | Water Saturation |
| TD | Total depth in units of feet or meters |
| Texas RRC | Texas Railroad Commission |
| TNRIS | Texas Natural Resources Information System |
| TOC | Total Organic Content |
| U.S. | The United States of America, its territories and possessions, any state of the United States or the District of Columbia and all areas subject to its jurisdiction |
| US\$ or \$ | A currency unit of the United States of America (Dollars) |
| USGS | United States Geological Survey |
| WI | Working Interest |
| WPC | World Petroleum Council |

16 February 2017

The Directors
New Horizon Coal Ltd
Level 1, 33 Ord Street
WEST PERTH WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by New Horizon Coal Ltd ('New Horizon' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of the Company. The Prospectus is required under Australian Securities Exchange ('ASX') requirements for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of the Company entering into two conditional agreements to acquire two Texas, USA oil and gas projects, the Trinity Oil Project and the Presidio Oil Project (the 'Projects').

The Company held a General Meeting at which, among other things, shareholders voted on the consolidation of the Company's issued capital on the basis that every two Shares be consolidated into one Share ('Capital Consolidation'). All references in our Report are on a post Capital Consolidation basis unless otherwise stated.

The Company is proposing to undertake a non-renounceable entitlement issue of eight Shares for every one Share held by eligible Shareholders at the record date at an issue price of \$0.02 per Share, together with one free attaching Option exercisable at \$0.02 each on or before 31 December 2021 for every three new Shares applied for and issued, to raise up to approximately \$18,880,000 ('Entitlement Offer'). The Entitlement Offer is subject to a minimum subscription level of \$12,000,000.

The Prospectus also contains:

- a) an offer of 240,000,000 Shares and 240,000,000 Performance Rights to the Vendors (and/or their nominees) in part consideration for the acquisition of the Projects ('Vendor Offer');

- b) an offer of up to 630,000,000 New Options at an issue price of \$0.00001 per New Option, exercisable at \$0.02 each on or before 31 December 2021, to raise up to \$6,300 ('Options Offer'); and
- c) an offer of 25,000,000 Shares and 25,000,000 New Options, exercisable at \$0.02 each on or before 31 December 2021, to the Lead Manager and Broker (and/or its nominees) as part consideration for services provided in connection with the Entitlement Offer ('Broker Offer').

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') of the Company included in the Prospectus:

- the reviewed Statements of Financial Position, Performance and Cash Flows for the Company for the half year ended 31 December 2016, the reviewed Statements of Financial Performance and Cash Flows for the Company for the half year ended 31 December 2015 and the audited Statements of Financial Position, Performance and Cash Flows for the Company for the years ended 30 June 2016 and 30 June 2015.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of the Company for the half years ended 31 December 2016 and 31 December 2015 and the years ended 30 June 2016 and 30 June 2015.

The financial reports for the half years ended 31 December 2016 and 31 December 2015 were reviewed by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued unmodified review conclusions on the financial reports.

The financial reports for the years ended 30 June 2016 and 30 June 2015 were audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued unmodified audit opinions on the financial reports.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of the Company included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 31 December 2016.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on the Company's financial position as at 31 December 2016. As part of this process, information about the Company's financial position has been extracted by the Company from its financial statements for the half year ended 31 December 2016.

The Company has entered into:

- a) a conditional heads of agreement, pursuant to which the Company has agreed to acquire:
 - i. a 100% working interest in certain leases of oil and gas mineral rights (which in aggregate total a minimum of 3,118 net acres) situated at the intersection of Trinity, Houston and Walker counties in Texas, USA ('Trinity Leases');
 - ii. a Net Revenue Interest ('NRI') of 75% of 8/8^{ths} (being 100% of a NRI of 75%) in respect of the Trinity Leases; and
 - iii. all data accumulated by the Vendors in respect of the Trinity Leases which includes, but is not limited to, all geological and geophysical data created or accumulated by the Vendors,
 (together the 'Trinity Oil Project') ('Trinity Acquisition'); and
- b) a conditional heads of agreement, pursuant to which the Company will acquire or earn from the Vendors all right, title and interest in and to:
 - i. a 70% working interest in certain leases of oil and gas mineral rights (which in aggregate total a minimum of 6,280 net acres) all situated in Presidio county in Texas, USA ('Presidio Leases');
 - ii. a NRI of 52.50% of 8/8^{ths} (being 70% of a NRI of 75%) in respect of the Presidio Leases; and
 - iii. a 100% ownership interest in all data accumulated by the Vendors in respect of the Presidio Leases which includes, but is not limited to, all geological and geophysical data created or accumulated by the Vendors,
 (together the 'Presidio Oil Project') ('Presidio Acquisition').

In consideration for the Vendors assigning and transferring the Trinity Oil Project to the Company, the Company will:

- i. issue to the Vendors (and/or their nominee/s) 192,000,000 Shares ('Trinity Consideration Shares'); and

- ii. reimburse the Vendors (and/or their nominee/s) the amount of US\$990,000 for past expenditure incurred by the Vendors in respect of the Trinity Leases ('Trinity Reimbursement').

The Company shall pay and perform the following consideration in order to acquire or earn from the Vendors all right, title and interest in and to the Presidio Oil Project:

- i. issue to the Vendors (and/or their nominee/s):
 - a. 48,000,000 Shares ('Presidio Consideration Shares'); and
 - b. 240,000,000 Performance Rights which vest upon average daily production (net to the Company) (pre-royalty) from the Presidio Oil Project in excess of 1,200 barrels of oil equivalent (boe) ('Performance Rights'). Any Performance Right that has not vested on or before 5.00pm WST on 31 December 2021 will automatically lapse,
- ii. reimburse the Vendors (and/or their nominee/s) the amount of US\$460,000 for past expenditure incurred by the vendors in respect of the Presidio Leases ('Presidio Reimbursement'); and
- iii. discharge by performance each of the following obligations:
 - a. drill, as operator, on or before 31 March 2017 (or such later date as agreed between the parties), at a cost of at least US\$500,000, one vertical oil well on the Presidio Leases; and
 - b. drill, as operator, on or before 31 December 2017 (or such later date as agreed between the parties), at a cost of at least US\$1,000,000, two further vertical oil well on the Presidio Leases.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the reviewed Statements of Financial Position, Performance and Cash Flows for the Company for the half year ended 31 December 2016, the reviewed Statements of Financial Performance and Cash Flows for the Company for the half year ended 31 December 2015 and the audited Statements of Financial Position, Performance and Cash Flows for the Company for the years ended 30 June 2016 and 30 June 2015,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position as at 31 December 2016,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro forma historical Statement of Financial Position reflects the following events that have occurred subsequent to the period ended 31 December 2016:

- The Company completing the Capital Consolidation on the basis that every two Shares be consolidated into one Share;

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of the Company, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Historical Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2016, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The Company proposes to change its name from New Horizon Coal Ltd to Helios Energy Ltd;
- The issue of up to 944,000,000 Shares at an offer price of \$0.02 each, to raise up to \$18,880,000 before costs based on the full subscription under Entitlement Offer or the issue of up to 600,000,000 Shares at an offer price of \$0.02 each, to raise up to \$12,000,000 before costs based on the minimum subscription. For every three Shares

applied for and issued there will be an entitlement to receive a free-attaching Option, exercisable at \$0.02 on or before 31 December 2021;

- Costs of the Entitlement Offer and the Acquisitions are estimated to be \$1,625,522 based on the full subscription or \$1,202,722 based on the minimum subscription. Those costs which relate to the Entitlement Offer are to be offset against the contributed equity while the remaining costs relating to the Acquisitions are to be expensed;
- Payment and issue of the following consideration to the Vendors assigning and transferring the Trinity Oil Project to the Company:
 - issue of 192,000,000 Trinity Consideration Shares, which have been valued at \$0.02 per Share, pursuant to the Vendor Offer; and
 - payment of the Trinity Reimbursement of US\$990,000 (A\$1,358,025 at an exchange rate of A\$1:US\$0.729);
- Payment and issue of the following consideration in order to acquire or earn from the Vendors all right, title and interest in and to the Presidio Oil Project:
 - issue of 48,000,000 Presidio Consideration Shares, which have been valued at \$0.02 per Share, pursuant to the Vendor Offer;
 - issue of 240,000,000 Performance Rights, pursuant to the Vendor Offer, which vest upon average daily production (net to the Company) (pre-royalty) from the Presidio Oil Project in excess of 1,200 barrels of oil equivalent (boe). Any Performance Right that has not vested on or before 5.00p WST on 31 December 2021 will automatically lapse;
 - payment of the Presidio Reimbursement of US\$460,000 (A\$631,001 at an exchange rate of A\$1:US\$0.729);
- Pursuant to the Options Offer, the Company proposes to undertake a placement of up to 630,000,000 Options at an issue price of \$0.00001 each, exercisable at \$0.02 on or before 31 December 2021, to raise up to \$6,300; and
- Pursuant to the Broker Offer, the Company proposes to issue the following securities to CPS Capital Group Pty Ltd ('CPS') (and/or their nominee/s) in consideration for their role in relation to the Entitlement Offer:
 - i. 25,000,000 Shares ('Advisor Shares'). These Advisor Shares have been valued at \$0.02 each; and
 - ii. 25,000,000 Options, exercisable at \$0.02 each on or before 31 December 2021 ('Advisor Options'). These Advisor Options have been valued using the Black Scholes option pricing model.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Entitlement Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of the Company and from time to time, BDO also provides the Company with certain other professional services for which normal professional fees are received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', written in a cursive style.

Sherif Andrawes

Director

APPENDIX 1

NEW HORIZON COAL LTD (TO BE RENAMED HELIOS ENERGY LTD)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Reviewed for the half year ended 31-Dec-16 \$ | Reviewed for the half year ended 31-Dec-15 \$ | Audited for the year ended 30-Jun-16 \$ | Audited for the year ended 30-Jun-15 \$ |
|---|--|--|--|--|
| Revenue from operations | 2,003 | 4,730 | 8,455 | 13,155 |
| Administration costs | (63,713) | (15,588) | (25,920) | (58,732) |
| Corporate compliance costs | (41,245) | (23,278) | (23,669) | (36,782) |
| Corporate management fees | - | (12,000) | (20,000) | (6,000) |
| Salaries and superannuation paid | - | (33,900) | (56,499) | (62,308) |
| Audit and non-audit service fees | (10,462) | (8,556) | (25,624) | (38,163) |
| Occupancy costs | - | - | - | (6,000) |
| Closure costs for Kinney Coal project | - | (24,894) | (45,322) | - |
| Impairment of exploration costs | - | - | - | (98,592) |
| Reversal of share based payments expense | - | - | - | 3,300,000 |
| Profit/(loss) before income tax | (113,417) | (113,486) | (188,579) | 3,006,578 |
| Income tax expense | - | - | - | - |
| Profit/(loss) after income tax from operations | (113,417) | (113,486) | (188,579) | 3,006,578 |
| Other comprehensive income, net of tax | | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | | |
| Exchange differences on translation | - | (68) | (708) | 18,630 |
| Total comprehensive income/(loss) for the period | (113,417) | (113,554) | (189,287) | 3,025,208 |

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 2

NEW HORIZON COAL LTD (TO BE RENAMED HELIOS ENERGY LTD)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Reviewed as at | Pro forma adjustments | | Pro forma after offer | |
|-----------------------------------|-------|----------------|-----------------------|-------------------|-----------------------|-------------------|
| | Notes | 31-Dec-16 | Minimum | Maximum | Minimum | Maximum |
| | | \$ | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | 2 | 471,517 | 8,814,552 | 15,271,752 | 9,286,069 | 15,743,269 |
| Trade and other receivables | | 71,437 | - | - | 71,437 | 71,437 |
| TOTAL CURRENT ASSETS | | 542,954 | 8,814,552 | 15,271,752 | 9,357,506 | 15,814,706 |
| NON CURRENT ASSETS | | | | | | |
| Exploration and evaluation assets | 3 | - | 6,789,026 | 6,789,026 | 6,789,026 | 6,789,026 |
| TOTAL NON CURRENT ASSETS | | - | 6,789,026 | 6,789,026 | 6,789,026 | 6,789,026 |
| TOTAL ASSETS | | 542,954 | 15,603,578 | 22,060,778 | 16,146,532 | 22,603,732 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | | 97,798 | - | - | 97,798 | 97,798 |
| TOTAL CURRENT LIABILITIES | | 97,798 | - | - | 97,798 | 97,798 |
| TOTAL LIABILITIES | | 97,798 | - | - | 97,798 | 97,798 |
| NET ASSETS | | 445,156 | 15,603,578 | 22,060,778 | 16,048,734 | 22,505,934 |
| EQUITY | | | | | | |
| Contributed equity | 4 | 20,372,705 | 15,660,165 | 22,111,672 | 36,032,870 | 42,484,377 |
| Reserves | 5 | 2,164,782 | 331,300 | 331,300 | 2,496,082 | 2,496,082 |
| Accumulated losses | 6 | (22,092,331) | (387,887) | (382,194) | (22,480,218) | (22,474,525) |
| TOTAL EQUITY | | 445,156 | 15,603,578 | 22,060,778 | 16,048,734 | 22,505,934 |

The pro-forma consolidated statement of financial position after the Entitlement Offer is as per the consolidated statement of financial position before the Entitlement Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The pro forma consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 5.

APPENDIX 3

NEW HORIZON COAL LTD (TO BE RENAMED HELIOS ENERGY LTD)

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Reviewed for the half year ended 31-Dec-16 \$ | Reviewed for the half year ended 31-Dec-15 \$ | Audited for the year ended 30-Jun-16 \$ | Audited for the year ended 30-Jun-15 \$ |
|--|--|--|--|--|
| Cash flows from operating activities | | | | |
| Interest received | 2,003 | 4,730 | 8,455 | 13,155 |
| Payments to suppliers and employees | (108,260) | (136,648) | (209,087) | (215,791) |
| Net cash outflow from operating activities | (106,257) | (131,918) | (200,632) | (202,636) |
| Cash flows from investing activities | | | | |
| Payments for exploration and development | - | - | - | (118,226) |
| Net cash outflow from investing activities | - | - | - | (118,226) |
| Cash flows from financing activities | | | | |
| Loan repayments | - | - | - | (100,000) |
| Proceeds from the issue of shares | - | - | - | 1,180,000 |
| Proceeds from borrowings | - | - | - | 70,000 |
| Costs associated with capital raising | - | - | - | (90,530) |
| Net cash inflows from financing activities | - | - | - | 1,059,470 |
| Net increase in cash and cash equivalents | (106,257) | (131,918) | (200,632) | 738,608 |
| Foreign currency movement | (73) | 39 | (179) | (822) |
| Cash and cash equivalents at the beginning of the period | 577,847 | 778,658 | 778,658 | 40,872 |
| Cash and cash equivalents at the end of the period | 471,517 | 646,779 | 577,847 | 778,658 |

This consolidated statement of cash flows shows the historical cash flows of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 5.

APPENDIX 4

NEW HORIZON COAL LTD (TO BE RENAMED HELIOS ENERGY LTD)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Reviewed as at 31-Dec-16 \$ | Audited as at 30-Jun-16 \$ | Audited as at 30-Jun-15 \$ |
|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 471,517 | 577,847 | 778,658 |
| Trade and other receivables | 71,437 | 1,846 | 3,048 |
| TOTAL CURRENT ASSETS | 542,954 | 579,693 | 781,706 |
| TOTAL ASSETS | 542,954 | 579,693 | 781,706 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 97,798 | 19,798 | 32,524 |
| TOTAL CURRENT LIABILITIES | 97,798 | 19,798 | 32,524 |
| TOTAL LIABILITIES | 97,798 | 19,798 | 32,524 |
| NET ASSETS | 445,156 | 559,895 | 749,182 |
| EQUITY | | | |
| Contributed equity | 20,372,705 | 20,372,705 | 20,372,705 |
| Reserves | 2,164,782 | 2,166,104 | 2,166,812 |
| Accumulated losses | (22,092,331) | (21,978,914) | (21,790,335) |
| TOTAL EQUITY | 445,156 | 559,895 | 749,182 |

This consolidated statement of financial position shows the historical financial position of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 5.

APPENDIX 5

NEW HORIZON COAL LTD (TO BE RENAMED HELIOS ENERGY LTD)

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical Financial Information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

Going Concern

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Reporting Basis and Conventions

The Historical Financial Information is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the Historical Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

a) Principles of consolidation

The Historical Financial Information incorporates the assets and liabilities of all subsidiaries of New Horizon and the results of all subsidiaries for the periods presented. New Horizon and its subsidiaries together are referred to in this report as the Group or the consolidated entity. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed

where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Interest income is recognised on a time proportion basis using the effective interest method.

c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

d) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss statement.

e) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

g) Contributed equity

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

h) Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit and loss.

k) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the Financial Information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Options

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Recoverability of capitalised exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

| | Reviewed 31-Dec-16 | Pro forma after Offer | |
|--|-----------------------|-----------------------|-------------|
| | | Minimum | Maximum |
| NOTE 2. CASH AND CASH EQUIVALENTS | \$ | \$ | \$ |
| Cash and cash equivalents | 471,517 | 9,286,069 | 15,743,269 |
| Reviewed balance as at 31 December 2016 | | 471,517 | 471,517 |
| <i>Pro-forma adjustments:</i> | | | |
| Proceeds from Shares issued under the Entitlement Offer | | 12,000,000 | 18,880,000 |
| Costs associated with the Entitlement Offer and the Acquisitions | | (1,202,722) | (1,625,522) |
| Proceeds from Option Offer | | 6,300 | 6,300 |
| Payment of the Trinity Reimbursement | | (1,358,025) | (1,358,025) |
| Payment of the Presidio Reimbursement | | (631,001) | (631,001) |
| | | 8,814,552 | 15,271,752 |
| Pro-forma Balance | | 9,286,069 | 15,743,269 |

| | Reviewed 31-Dec-16 | Pro forma after Offer |
|---|-----------------------|--------------------------|
| NOTE 3. EXPLORATION AND EVALUATION ASSETS | \$ | \$ |
| Exploration and evaluation assets | - | 6,789,026 |
| Reviewed balance as at 31 December 2016 | | - |
| <i>Pro-forma adjustments:</i> | | |
| Issue of the Trinity Consideration Shares (Refer Note 7) | | 3,840,000 |
| Issue of the Presidio Consideration Shares (Refer Note 7) | | 960,000 |
| Payment of the Trinity Reimbursement (Refer Note 7) | | 1,358,025 |
| Payment of the Presidio Reimbursement (Refer Note 7) | | 631,001 |
| | | 6,789,026 |
| Pro-forma Balance | | 6,789,026 |

| | Reviewed 31-Dec-16 | | Pro forma after Offer | |
|--|---------------------------|---------------------------|-----------------------|-------------|
| | | | Minimum | Maximum |
| NOTE 4. CONTRIBUTED EQUITY | \$ | | \$ | \$ |
| Contributed equity | 20,372,705 | | 36,032,870 | 42,484,377 |
| | Number of shares (min) | Number of shares (max) | \$ | \$ |
| Fully paid ordinary share capital as at 31 December 2016 | 236,000,000 | 236,000,000 | 20,372,705 | 20,372,705 |
| <i>Subsequent events:</i> | | | | |
| Completion of Capital Consolidation | 118,000,025 | 118,000,025 | - | - |
| <i>Pro-forma adjustments:</i> | | | | |
| Proceeds from Shares issued under the Entitlement Offer | 600,000,000 | 944,000,000 | 12,000,000 | 18,880,000 |
| Costs associated with the Entitlement Offer and the Acquisitions | - | - | (814,835) | (1,243,328) |
| Issue of the Trinity Consideration Shares | 192,000,000 | 192,000,000 | 3,840,000 | 3,840,000 |
| Issue of the Presidio Consideration Shares | 48,000,000 | 48,000,000 | 960,000 | 960,000 |
| Issue of the Advisor Shares | 25,000,000 | 25,000,000 | 500,000 | 500,000 |
| Issue of the Advisor Shares deemed capital raising costs | - | - | (500,000) | (500,000) |
| Issue of the Advisor Options deemed capital raising costs | - | - | (325,000) | (325,000) |
| | 865,000,000 | 1,209,000,000 | 15,660,165 | 22,111,672 |
| Pro-forma Balance | 983,000,025 | 1,327,000,025 | 36,032,870 | 42,484,377 |

| Performance Rights on issue following the Entitlement Offer | Number |
|---|-------------|
| Current Performance Rights on issue | - |
| Issue of Performance Rights pursuant to Presidio Acquisition* | 240,000,000 |
| Total Performance Rights on issue following the Entitlement Offer | 240,000,000 |

*Refer Note 7 for further details of the Performance Rights on issue.

| | Reviewed 31-Dec-16 | Pro forma after Offer |
|---|-----------------------|--------------------------|
| NOTE 5. RESERVES | \$ | \$ |
| Reserves | 2,164,782 | 2,496,082 |
| Reviewed balance as at 31 December 2016 | | 2,164,782 |
| <i>Pro-forma adjustments:</i> | | |
| Issue of the Options under the Option Offer | | 6,300 |
| Issue of the Advisor Options | | 325,000 |
| | | 331,300 |
| Pro-forma Balance | | 2,496,082 |

The value of the Advisor Options was determined using the Black Scholes model with the following inputs:

| Options | Advisor Options |
|------------------------|-----------------|
| Underlying share price | \$0.02 |
| Exercise price | \$0.02 |
| Expected volatility | 85% |
| Expiry date (years) | 4.8 |
| Expected dividends | Nil |
| Risk free rate | 2.20% |
| Value per Option | \$0.013 |

| Options on issue following the Entitlement Offer | Number of Options | |
|--|-------------------|-------------|
| | Minimum | Maximum |
| Current Option on issue | - | - |
| Issue of Options pursuant to Entitlement Offer* | 200,000,000 | 314,666,667 |
| Issue of Options under the Option Offer* | 518,000,000 | 630,000,000 |
| Issue of Advisor Options* | 25,000,000 | 25,000,000 |
| Total Options on issue following the Entitlement Offer | 743,000,000 | 969,666,667 |

*All the above Options are exercisable at \$0.02 on or before 31 December 2021.

| | Reviewed 31-Dec-16 | Pro forma after Offer | |
|--|-----------------------|-----------------------|--------------|
| NOTE 6. ACCUMULATED LOSSES | \$ | Minimum | Maximum |
| | \$ | \$ | \$ |
| Accumulated losses | (22,092,331) | (22,480,218) | (22,474,525) |
| Reviewed balance as at 31 December 2016 | | (22,092,331) | (22,092,331) |
| <i>Pro-forma adjustments:</i> | | | |
| Costs associated with the Entitlement Offer and the Acquisitions | | (387,887) | (382,194) |
| | | (387,887) | (382,194) |
| Pro-forma Balance | | (22,480,218) | (22,474,525) |

NOTE 7: PROVISIONAL ACCOUNTING FOR THE ACQUISITIONS

On 5 January 2017, the Company announced that it had signed two conditional heads of agreement to acquire two Texas, USA oil and gas projects, the Trinity Oil Project and the Presidio Oil Project. The consideration payable to the Vendors for the acquisitions of the Trinity Oil Project and the Presidio Oil Project is outlined in Section 2 of this Report.

The Company has considered whether the Acquisitions fall within the scope of *AASB 3 Business Combinations* and therefore are required to be accounted for as business combinations. A business combination involves an acquirer obtaining control of one or more businesses by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors. The Company does not consider that the Acquisitions meet the definition of a business combination in accordance with *AASB 3 Business Combinations* as the Company is only acquiring working interests in both the Trinity Oil Project and the Presidio Oil Project and these are not deemed to be businesses for accounting purposes. Therefore, we have provisionally accounted for the Acquisitions as asset acquisitions.

A summary of the acquisition details with respect to the proposed Acquisitions is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 31 December 2016, however will require re-determination as at the successful acquisition date which may result in changes to the values set out below.

| | Trinity Oil Project | Presidio Oil Project |
|---|------------------------|-------------------------|
| | \$ | \$ |
| ASSET ACQUISITIONS | | |
| Purchase consideration comprises: | | |
| Trinity Consideration Shares (192,000,000 shares valued at \$0.02 each) | 3,840,000 | - |
| Trinity Reimbursement (US\$990,000) | 1,358,025 | - |
| Presidio Consideration Shares (48,000,000 shares valued at \$0.02 each) | - | 960,000 |
| Presidio Reimbursement (US\$460,000) | - | 631,001 |
| Performance Rights* | - | - |
| Total consideration: | 5,198,025 | 1,591,001 |
| Fair value attributable to Trinity and Presidio Oil Projects | 5,198,025 | 1,591,001 |

*The consideration payable by the Company to acquire all right, title and interest in and to the Presidio Oil Project will also include the issue of 240,000,000 Performance Rights. The Performance Rights will have the following Milestone attached to them:

- i. the average daily production (net to the Company) (pre-royalty) from the leases that comprise the Presidio Oil Project in excess of 1,200 barrels of oil equivalent (boe) ('Milestone').

The Performance Rights will vest on the date the Milestone has been satisfied and upon vesting, each Performance Right will, at the election of the holder, convert into one Share. Any Performance Right that has not vested on or before 5.00pm WST on 31 December 2021 will automatically lapse.

Currently there are no reasonable grounds on which to assess the likelihood of the Milestone being met, resulting in the conversion of the Performance Rights, as the Presidio Oil Project is not in production at this point in time. Therefore, no adjustments have been made to the pro forma historical Statement of Financial Position based on the issue of the Performance Rights.

In accordance with *AASB 2 Share based payments*, the Company will be required to re-assess the probability of the Milestone being achieved at each reporting date up until expiry of the

Performance Rights. In the instance whereby the Performance Rights were to vest immediately, each Performance Right would have a current underlying share value of \$0.02 each. Section 15.3 of the Prospectus outlines the full terms of the Performance Rights.

NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Company shall pay and perform the following consideration in order to acquire or earn from the Vendors all right, title and interest in and to the Presidio Oil Project:

- i. discharge by performance each of the following obligations:
 - a) drill, as operator, on or before 31 March 2017 (or such later date as agreed between the parties), at a cost of at least US\$500,000, one vertical oil well on the Presidio Leases;
and
 - b) drill, as operator, on or before 31 December 2017 (or such later date as agreed between the parties), at a cost of at least US\$1,000,000, two further vertical oil well on the Presidio Leases.

At the date of the report no other material commitments or contingent liabilities exist that we are aware of, other than those disclosed above or in the Prospectus.

11. TITLE REPORT



ANAMARÍA R. PALLA
apalla@loopergoodwine.com
713.335.8127

OFFICES:
Houston, TX
New Orleans, LA

February 10, 2017

The Board of Directors
New Horizon Coal Limited
Level 1
33 Ord Street
West Perth, Western Australia
AUSTRALIA 6005

RE: Legal Opinion on Defensible Title of Presidio Oil Project

Ladies and Gentlemen:

We have acted as special Texas counsel to New Horizon Coal Limited, an Australian public company whose securities are quoted on the Australian Securities Exchange (“NHO”), and its wholly owned subsidiary Helios Energy USA, Ltd., a Texas Company (the “**Company**”), in connection with the preparation, execution and delivery, and the consummation of the transactions contemplated by that certain Binding Heads of Agreement executed by and between NHO and the Vendors (as defined therein), signed and dated January 5, 2017 (the “**Presidio Agreement**”). Capitalized terms not otherwise defined herein shall have the meaning as defined in the Presidio Agreement.

I. LIMITED SCOPE OF LEGAL OPINION

In so acting, we have examined originals or copies (certified or otherwise identified to our satisfaction) of the Presidio Agreement in execution form and such records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers of the Company, and have made such inquiries of such officers, as we have deemed relevant and necessary as a basis for the opinion hereinafter set forth.

This opinion is limited in scope to Defensible Title (as herein defined) of the Company in and to the right to earn the leasehold interest, a 70% of 8/8ths Working Interest, and a 52.50% of 8/8ths Net Revenue Interest (collectively, the “**Interests**”) in the oil and gas leases described in “**Exhibit A**” (the “**Presidio Oil and Gas Leases**”), subject to the terms, conditions and covenants of the Presidio Agreement. In formulating this opinion, we have examined the documents and other instruments provided by the Company and have not undertaken an investigation of the real property or public records of Presidio County, Texas, USA.



In such examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such copies. As to all questions of fact material to our opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Company and upon the representations and warranties of NHO and the Vendors contained in the Presidio Agreement. As used herein, “to our knowledge” and “of which we are aware” mean the conscious awareness of facts or other information by any lawyer in our firm actively involved in the transactions contemplated by the Presidio Agreement. We have also assumed that all parties to the Presidio Agreement and the Participation Agreement have performed and will perform their obligations thereunder in all respects.

We have assumed the validity and binding effect of the Presidio Agreement under the law of Western Australia.

II. BACKGROUND ON THE MINERAL TITLE REGIME IN TEXAS, USA

In Texas, USA, the owner of land owns the oil, gas and other minerals beneath his/her tract unless a severance has occurred thereby resulting in two distinct estates: the surface estate and the mineral estate. A severance of the minerals results from a conveyance or reservation of all, or a portion, of the “oil, gas and other minerals” in and to a specific tract.

Texas adopted the ownership in place doctrine which confirms that the oil, gas and other minerals beneath a tract of land are a part of the realty until produced and become personal property when brought to the surface. Because the mineral estate is considered real property, it may be acquired, divested, encumbered, devised and inherited, thereby resulting in the possibility that an unlimited number of persons (“**mineral owners**”) may own undivided interests in a tract’s minerals. If an owner of a mineral estate, whether intact with the surface or severed, chooses to pursue development of and production from the minerals, such owner might exercise its rights and may generate revenue through one or more of these methods: (1) the right to develop the mineral estate by contracting directly with a drilling and operating company and directly selling the minerals; (2) the right to lease the mineral estate to a third party, specifying terms of the lease and defining the minerals that may be produced; (3) the right to receive a payment for selling the mineral estate or receive bonus payments, usually calculated per acre, from the lessee for leasing the mineral estate; (4) the right to receive delay rentals when the mineral estate is leased but not being produced; and (5) the right to structure compensation through royalty payments, as a percentage of minerals produced, from the purchaser of the mineral estate or from the lessee for minerals produced. A mineral owner’s right to develop includes the right to proceed with exploration, drilling, production and marketing of the minerals. Given the inherent risk, cost of development and required technology to produce oil and gas, most mineral owners do not independently develop their minerals, and as a result, rely on their ability to transfer the mineral estate to a third party.

The conveyance of this right to develop is normally accomplished by an oil and gas lease by which a mineral owner (the “**lessor**”) conveys a present interest in the mineral estate to a third party (the “**lessee**”). The oil and gas lease serves as both a conveyance and a contract which



establishes the parties' rights and obligations. The lessee may keep and sell its proportionate share of the oil and gas produced from the lease until the lease expires.

The execution of an oil and gas lease that reserves a royalty to the lessor and bifurcates the mineral estate, creating the leasehold estate and a royalty interest. The lessor retains the royalty interest, being the lessor's share of income from production net only of decompression, transport and treatment expenses (which can be limited in an oil and gas lease), but not net of the lessee's costs and expenses of production. The lessee acquires the working interest, or the cost bearing interest, which provides the lessee the right to develop the oil and gas at its sole risk and expense. The leasehold estate created by the oil and gas lease may be conveyed, assigned and encumbered similar to any other real estate, and it is common for the original lessee to assign an undivided working interest to numerous parties, which share the burden of costs of developing the mineral estate.

III. LEGAL OPINION ON DEFENSIBLE TITLE OF PRESIDIO OIL PROJECT

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that the Company, as assignee of NHO under the Presidio Agreement, has Defensible Title in and to the right to earn the Interests in the Presidio Oil and Gas Leases in accordance with the terms, provisions and conditions of the Assignment of Right to Earn Oil and Gas Leases between Siena Energy, L.L.C., as assignor, and the Company, as assignee, dated January 5, 2017 (the "**Siena Assignment**"), including, but not limited to, the obligation at the Company's sole risk and expense, to maintain the Presidio Oil and Gas Leases in effect, to drill an initial vertical well on or before March 31, 2017, and to drill two more vertical wells on or before December 31, 2017 (collectively, the "**Limitation**"). The Company's right to own the Interests is further subject to: (1) all of the terms, covenants and conditions set forth in the Presidio Oil and Gas Leases; and (2) any and all documents filed in the real property records, or other publicly available records, of Presidio County, Texas affecting the Interests; and, (3) the terms, covenants, conditions, burdens and encumbrances created by the Siena Assignment; and, (4) the terms, covenants, conditions, burdens and encumbrances created by the Participation Agreement.

As used herein, "**Defensible Title**" means such title or right to ownership that, based upon the documents listed in Exhibit B (the "**Materials Examined**"): (i) is sufficiently free from reasonable doubt that a prudent purchaser engaged in the business of the ownership, development and operation of producing oil and gas properties, with knowledge of all relevant facts and their legal bearing, would be willing to accept and pay full value for the Interests; and (ii) is free and clear of liens and material encumbrances and defects, except for permitted encumbrances of a scope and nature customary for the oil and gas industry in Texas or arise in connection with drilling and production operations; and (iii) no real property lies in an area that is, or to our knowledge will be, subject to restrictions that would prohibit the continued effective ownership, leasing, licensing, exploration, development or production or use of such real property in the business of NHO, the Company, or any of their subsidiaries or affiliates as such business is currently conducted. In addition to the qualifications and assumptions set forth elsewhere in this letter, this opinion is limited by, subject to, and based on the following:

- (a) This opinion letter is limited in all respects to the laws of the State of Texas and United States federal law. We are licensed to practice law in the State of Texas only



and do not hold ourselves out to be experts on the laws of any jurisdiction other than the State of Texas and the federal laws of the United States of America. We express no opinion with respect to any laws or regulations of any other county, state, city, or other political subdivision.

- (b) We express no opinion regarding the accuracy or completeness of any of the representations and warranties by officers of the Company, nor of any information provided to NHO by the Company.
- (c) We have assumed that no holder, beneficial owner, subscriber, or affiliate has caused the Company to be used for the purpose of perpetrating, and that it did not perpetrate, an actual fraud.
- (d) We have not performed a docket search of any litigation that might have been filed against the Company, but to our knowledge there are none and we rely upon officers of the Company that no claims are threatened or pending.
- (e) This opinion letter is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances, which may hereafter come to our attention, or any changes in law, which may hereafter occur.
- (f) Looper Goodwine, as special Texas counsel to NHO and no other person or party, has consented to the inclusion of this Legal Opinion on Defensible Title of Trinity Oil Project in the Australian prospectus to be prepared by NHO in connection with its proposed capital raising of up to A\$18,880,000, dated on or about 16 February 2017 (the "**Prospectus**"), in the form and context in which it is included. Looper Goodwine has not authorized or caused the issue of the Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any other statements or material in, or omissions from, the Prospectus.

It is customary before drilling a well on a leased property to obtain a drilling title opinion, by which the lessor(s) in question are determined to have the required authority to grant the right to explore, exploit and to assign the leased interests based on a thorough examination of the chain of title. If errors are found in the course of that examination, it is customary for the lessor and lessee to conduct "Title Curative," which involves, but is not limited to, executing instruments, affidavits, conveyances and filing previously unrecorded documents to resolve any disputes, ambiguities or errors so that the operator has substantial support for its claims prior to undertaking the expense of drilling.

Further to your instructions, our opinion is based solely upon an examination of the Materials Examined. Consequently, our opinion depends and we rely upon the currentness, accuracy, and completeness of the Materials Examined.

Very truly yours,

Anamaria R. Palla, Attorney

Exhibit A
Description of Leases

LEASE 1

Lease Date: July 1, 2016
Recording Date: August 26, 2016
Document Number: 20160000622
Lease Form: Relinquishment Act Lease Form (2016)
Lessor: State of Texas, C/O Coal Mine Ranch Joint Venture
Lessee: William M. Barnes
Leased Premises: 1280.0 acres of land, more or less, being all of Section 112, and Section 114, Block 3, D. & P. Ry. Co. Survey, Presidio County, Texas.

Amendments (Doc ID): None

LEASE 2

Lease Date: October 15, 2009
Recording Date: December 3, 2010
Document Number: 20100001736
Lease Form: Prod 88 (1994)
Lessor: Presidio Industrial and Investment Company
Lessee: William M. Barnes
Leased Premises: 320.0 acres of land, more or less, being the W/2 of Section 147, Block 3, D. & P. Ry. Co. Survey, Presidio County, Texas.*

Amendments (Doc ID): 20110000228
20140000744*
20150000737
20160000110
20160000569
20160000914

*Amended Leased
Premises:

5,120 acres, more or less, being all of Section 113, Abstract No. 2564, Certificate No. 640, containing 640.0 acres, all of Section 115, Abstract No. 2565, Certificate No. 641 containing 640.0 acres, all of Section 123, Abstract No. 2569, Certificate No. 645 containing 640.0 acres, all of Section 129, Abstract No. 2572, Certificate No. 648 containing 640.0 acres, all of Section 135, Abstract No. 2778, Certificate No. 651 containing 640.0 acres, all of Section 137, Abstract No. 2779, Certificate No. 652 containing 640.0 acres, all of Section 141, Abstract No. 2781, Certificate No. 654 containing 640.0 acres, and all of Section 147, Abstract No. 2784, Certificate No. 657 containing 640.0 acres, all out of Block 3, D. & P. Ry. Co., Presidio County, Texas.

Exhibit B
Materials Examined

| | <u>Document</u> | <u>Document Date</u> | <u>Effective Date</u> | <u>Recording Information (Document Identification)</u> | <u>Parties</u> | <u>Description</u> |
|----------|---|----------------------|-----------------------|--|--|---|
| 1 | Oil, Gas and Mineral Lease (L1) | 10/15/2009 | 10/15/2009 | 20100001736 | Presidio Industrial and Investment Company William M. Barnes | Paid-Up OGML (Producers 88 [4-89]) by and between Presidio Industrial and Investment Company ("Lessor") and William M. Barnes ("Lessee"), covering 320 acres, more or less, being the W/2 of Section 147, Abstract 2715, Block 3, D. & P. Ry. Co. Survey, Presidio County, Texas. 5-year primary term expiring October 15, 2014. |
| | Amendment | 12/23/2009 | 10/15/2009 | 20110000228 | | Amended legal description. |
| | Amendment | 10/08/2014 | 10/15/2009 | 20140000744 | | Extended Primary Term for an additional year, through October 15, 2015. Amended legal description. |
| | Amendment | 09/01/2015 | 09/01/2015 | 20150000737 | | Extended Primary Term through January 15, 2016. |
| | Amendment | 01/15/2016 | 01/15/2016 | 20160000110 | | Extended Primary Term through April 15, 2016. |
| | Amendment | 06/30/2016 | 04/15/2016 | 20160000569 | | Extended Primary Term through December 15, 2016. |
| | Amendment | 12/12/2016 | 01/15/2016 | 20160000914 | | Extended Primary Term through April 15, 2017. |
| 2 | Oil, Gas and Mineral Lease (L2) | 07/01/2016 | 07/01/2016 | 20160000622 | State of Texas, C/O Coal Mine Ranch Joint Venture William M. Barnes | GLO Relinquishment Act Lease Form (Rev. April, 2016) by and between the State of Texas, acting through its agent, Coal Mine Ranch Joint Venture ("Lessor") and William M. Barnes ("Lessee"), being more particularly described as 1280.0 acres of land, more or less, being all of Section 112, and Section 114, Block 3, D & P Ry. Co. Survey, Presidio County, Texas. 4-year primary term expiring July 1, 2020. *DELAY RENTAL CLAUSE - SEE PARAGRAPH 3* Annual Delay Rental Due annually on anniversary of effective date. |
| | Assignment of Oil and Gas Leases | 12/16/2016 | 12/16/2016 | 20160000913 | William M. Barnes Porvenir Exploration, LLC | Assignment of Coal Mine Joint Venture Lease, being 1,280 acres, more or less. |
| 4 | Assignment of Oil and Gas Leases | 10/23/2015 | 10/23/2015 | 20150000761 | William M. Barnes Porvenir Exploration, LLC | Assignment of Leases and Amendments 20100001736, 20110000228, 20140000744, and 20150000737 to Porvenir Exploration. |
| | Ratification and Amended Assignment of Oil and Gas Leases | | | Unrecorded | William M. Barnes | Ratification of 20150000761 and Assignment of Amendments 20160000110, 20160000569, and 20160000914. |

**Exhibit B
Materials Examined**

| | <u>Document</u> | <u>Document Date</u> | <u>Effective Date</u> | <u>Recording Information (Document Identification)</u> | <u>Parties</u> | <u>Description</u> |
|---|---|----------------------|-----------------------|--|--|--|
| | | | | | Porvenir Exploration, LLC | |
| 6 | Participation Agreement - Drill to Earn | 02/26/2016 | 02/26/2016 | Unrecorded | Porvenir Exploration, LLC Siena Energy, LLC | Participation Agreement covering all 6,400 acres of Presidio Prospect listed in 20140000744. Drill to Earn Contract includes an assignment of OGML as "Exhibit C" by and between Porvenir Exploration and Siena Energy (as "Assignee"). |
| 7 | Assignment of Right to Earn Oil, Gas and Mineral Leases | | | Unrecorded | Siena Energy, LLC Helios Energy USA, Ltd. | Assignment of obligations and certain rights under the Participation Agreement. |
| 8 | Nominee Agreement | 12/01/2016 | 02/26/2016 | Unrecorded | Vendors Siena Energy, LLC | Nominee Agreement for Siena to hold Presidio leases jointly for Vendor Group. |
| 9 | Binding Heads of Agreement | 01/05/2017 | 01/05/2017 | Unrecorded | New Horizon Coal, Ltd. Vendors | Upon full payment and performance of the Consideration (as defined in the Agreement), NHO will acquire or earn from the Vendors all right, title and interest in and to: (a) a 70% working interest (WI) in the described leases of oil and gas mineral rights (which in aggregate total to a minimum of 6,280 net acres) in Presidio County, Texas, USA (Leases); (b) a net revenue interest (NRI) of 52.50% of 8/8ths (being 70% of a NRI of 75%) in respect of the Leases. The mineral rights owners and the Vendors (and/or their nominees) in aggregate will retain a 25% gross revenue royalty; and (c) (c) a 100% ownership interest in all data accumulated by the Vendors in respect of the Leases which includes, but is not limited to, all the geological and geophysical data created or accumulated by the Vendors. |



ANAMARIA R. PALLA
apalla@loopergoodwine.com
713.335.8127

OFFICES:
Houston, TX
New Orleans, LA

February 10, 2017

The Board of Directors
New Horizon Coal Limited
Level 1
33 Ord Street
West Perth, Western Australia
AUSTRALIA 6005

RE: Legal Opinion on Defensible Title of Trinity Oil Project

Ladies and Gentlemen:

We have acted as special Texas counsel to New Horizon Coal Limited, an Australian public company whose securities are quoted on the Australian Securities Exchange (“NHO”), and its wholly owned subsidiary Helios Energy USA, Ltd, a Texas Company (the “**Company**”), in connection with the preparation, execution and delivery, and the consummation of the transactions contemplated by that certain Binding Heads of Agreement executed by and among NHO and the Vendors (as defined therein), signed and dated January 5, 2017 (the “**Trinity Agreement**”). Capitalized terms not otherwise defined herein shall have the meaning as defined in the Trinity Agreement.

I. LIMITED SCOPE OF LEGAL OPINION

In so acting, we have examined originals or copies (certified or otherwise identified to our satisfaction) of the Trinity Agreement and such records, agreements, documents and other instruments, and have made such inquiries of such officers as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth. Specifically, with respect to our opinion regarding the Company’s Defensible Title (as defined below) in and to the Trinity Oil and Gas Leases (as defined below), we have examined the documents and other instruments provided by the Company and have not undertaken an investigation of real property or public records of Trinity County, Texas, USA.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such copies. As to all questions of fact material to



these opinions that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Company and upon the representations and warranties of the Company, as assignee of NHO, contained in the Trinity Agreement. As used herein, “to our knowledge” and “of which we are aware” mean the conscious awareness of facts or other information by any lawyer in our firm actively involved in the transactions contemplated by the Trinity Agreement. We have also assumed that all parties to the Trinity Agreement have performed and will perform their obligations thereunder in all respects.

Further, we have relied on the Mineral Ownership Report prepared by the Vendors’ landman, a copy of which is attached hereto and incorporated herein for all purposes as **Exhibit A** (the “**Landman Report**”) to determine ownership of the Interests (as defined below) subject to the Trinity Agreement. A review of the mineral oil and gas leases pertinent to a proposed transaction, such as the Landman Report, is standard industry practice in Texas to provide reasonable assurances to the Lessee that the purported Lessor in fact owns the interest(s) the subject of the transaction. We find no reason, after a cursory examination, to doubt that the Landman Report was produced using the standard of care expected of such work product in the industry. In Texas, the standard of care for this type of work product requires the landman to review matters affecting the subject leases, and disclosed in the real property and public records, and to identify the ownership of the minerals and mineral interest according to those documents. Neither this review nor the Landman Report represents or warrants that the records are correct, complete, current or legally binding and enforceable.

This report is based solely upon a review of the Landman Report (**Exhibit A**), the Assignment of Oil, Gas and Mineral Leases by and between Gravity Meter Exploration and Tucana Oil and Gas, LLC (**Exhibit B**), the Assignment of Oil, Gas and Mineral Leases by and between Tucana Oil and Gas, LLC and the Company (**Exhibit C**), and the Trinity Agreement (collectively, the “**Materials Examined**”). This opinion subject to the currentness, accuracy, and completeness of the Materials Examined and is so qualified. We acknowledge and confirm that you have requested us to base this report upon such an examination. This report is strictly limited to the matters addressed herein.

We have assumed the validity and binding effect of the Trinity Agreement under the law of Western Australia.

II. BACKGROUND ON THE MINERAL TITLE REGIME IN TEXAS, USA

In Texas, USA, the owner of land owns the oil, gas and other minerals beneath his/her tract unless a severance has occurred thereby resulting in two distinct estates: the surface estate and the mineral estate. A severance of the minerals results from a conveyance or reservation of all, or a portion, of the “oil, gas and other minerals” in and to a specific tract.

Texas adopted the ownership in place doctrine which confirms that the oil, gas and other minerals beneath a tract of land are a part of the realty until produced and become personal property when brought to the surface. Because the mineral estate is considered real property, it may be



acquired, divested, encumbered, devised and inherited, thereby resulting in the possibility that an unlimited number of persons (“**mineral owners**”) may own undivided interests in a tract’s minerals. If an owner of a mineral estate, whether intact with the surface or severed, chooses to pursue development of and production from the minerals, such owner might exercise its rights and may generate revenue through one or more of these methods: (1) the right to develop the mineral estate by contracting directly with a drilling and operating company and directly selling the minerals; (2) the right to lease the mineral estate to a third party, specifying terms of the lease and defining the minerals that may be produced; (3) the right to receive a payment for selling the mineral estate or receive bonus payments, usually calculated per acre, from the lessee for leasing the mineral estate; (4) the right to receive delay rentals when the mineral estate is leased but not being produced; and (5) the right to structure compensation through royalty payments, as a percentage of minerals produced, from the purchaser of the mineral estate or from the lessee for minerals produced. A mineral owner’s right to develop includes the right to proceed with exploration, drilling, production and marketing of the minerals. Given the inherent risk, cost of development and required technology to produce oil and gas, most mineral owners do not independently develop their minerals, and as a result, rely on their ability to transfer the mineral estate to a third party.

The conveyance of this right to develop is normally accomplished by an oil and gas lease by which a mineral owner (the “**lessor**”) conveys a present interest in the mineral estate to a third party (the “**lessee**”). The oil and gas lease serves as both a conveyance and a contract which establishes the parties’ rights and obligations. The lessee may keep and sell its proportionate share of the oil and gas produced from the lease until the lease expires.

The execution of an oil and gas lease that reserves a royalty to the lessor and bifurcates the mineral estate, creating leasehold estate and a royalty interest. The lessor retains the royalty interest, being the lessor’s share of income from production net only of decompression, transport and treatment expenses (which can be limited in an oil and gas lease), but not net of the lessee’s costs and expense of production. The lessee acquires the working interest, or the cost bearing interest, which provides the lessee the right to develop the oil and gas at its sole risk and expense. The leasehold estate created by the oil and gas lease may be conveyed, assigned and encumbered similar to any other real estate, and it is common for the original lessee to assign an undivided working interest to numerous parties, which share the burden of costs of developing the mineral estate.

III. LEGAL OPINION ON DEFENSIBLE TITLE OF TRINITY OIL PROJECT

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that the Company, as assignee of NHO under the Trinity Agreement, has Defensible Title to the leasehold interest, a 100% working interest, and a 75% net revenue interest (collectively, the “**Interests**”) in and to the oil and gas leases described on **Exhibit A**, insofar as they cover the lands located in Trinity County, Texas, USA (the “**Trinity Oil and Gas Leases**”). The Company’s ownership of the Interests in the Trinity Oil and Gas Leases is subject to: (1) all of the terms, covenants and conditions set forth in the Trinity Oil and Gas Leases; (2) the terms, covenants, and



conditions set forth in the Assignment of Oil, Gas and Mineral Leases between Tucana Oil and Gas, L.L.C., as assignor, and the Company, as assignee, dated January 17, 2017, (3) the terms, covenants, and conditions set forth in the Trinity Agreement, and (4) any and all documents filed in the real property records, or other publicly available records, of Trinity County, Texas insofar as they pertain to the Trinity Oil and Gas Leases.

As used herein, “**Defensible Title**” shall mean, as to the Interests, such title that, based upon the Materials Examined: (i) is sufficiently free from reasonable doubt to the end that a prudent purchaser engaged in the business of the ownership, development and operation of producing oil and gas properties, with knowledge of all relevant facts and their legal bearing, would be willing to accept and pay full value for the Interests; and (ii) is free and clear of liens and material encumbrances and defects, except for permitted encumbrances of a scope and nature customary for the oil and gas industry or arise in connection with drilling and production operations; and (iii) none of the Trinity Oil and Gas Leases lies in an area that is, or to our knowledge will be, subject to restrictions that would prohibit the continued effective ownership, leasing, licensing, exploration, development or production or use of such real property as envisioned in the terms, provisions and conditions of the Trinity Agreement.

In addition to the qualifications and assumptions set forth elsewhere herein, this opinion is limited by, subject to, and based on the following:

- (a) This opinion letter is limited in all respects to the laws of the State of Texas and United States federal law. We are licensed to practice law in the State of Texas only and do not hold ourselves out to be experts on the laws of any jurisdiction other than the State of Texas and the federal laws of the United States of America. We express no opinion with respect to any laws or regulations of any county, city, state, or other political subdivision.
- (b) We express no opinion regarding the accuracy or completeness of any of the representations and warranties by officers of the Company, nor of any information provided to NHO by the Company.
- (c) We have assumed that no holder, beneficial owner, subscriber, or affiliate has caused the Company to be used for the purpose of perpetrating, and that it did not perpetrate, an actual fraud.
- (d) We have not performed a docket search of any litigation that might have been filed against the Company, but to our knowledge there are none and we rely upon officers of the Company that no claims are threatened or pending.
- (e) This opinion letter is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances, which may hereafter come to our attention, or any changes in law, which may hereafter occur.



- (f) Looper Goodwine, as special Texas counsel to NHO and no other person or party, has consented to the inclusion of this Legal Opinion on Defensible Title of Trinity Oil Project in the Australian prospectus to be prepared by NHO in connection with its proposed capital raising of up to A\$18,880,000, dated on or about 16 February 2017 (the “**Prospectus**”), in the form and context in which it is included. Looper Goodwine has not authorized or caused the issue of the Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any other statements or material in, or omissions from, the Prospectus.

It is customary before drilling a well on a leased property to obtain a drilling title opinion, by which the lessor(s) in question are determined to have the required authority to grant the right to explore, exploit and to assign the leased interests based on a thorough examination of the chain of title. If errors are found in the course of that examination, it is customary for the lessor and lessee to conduct “Title Curative,” which involves, but is not limited to, executing instruments, affidavits, conveyances and filing previously unrecorded documents to resolve any disputes, ambiguities or errors so that the operator has substantial support for its claims prior to undertaking the expense of drilling.

Very truly yours,



Anamaría R. Palla, Attorney

ARP:tjb

LANDMAN REPORT: DESCRIPTION OF TRINITY OIL AND GAS LEASES

Exhibit A

| Lease | Lessor | Net Acres | Volume | Page |
|--------------|---|------------------|---------------|-------------|
| 1 | O.O Thornton Real Estate Properties, L.L.C. - Mineral Series | 547.58 | 977 | 256 |
| 2 | Jan Moreland | 208.888887 | 977 | 250 |
| 3 | Suzanne Moreland Hunt | 104.444443 | 977 | 235 |
| 4 | Denise Hunt | 104.444443 | 977 | 252 |
| 5 | David W. Albers, Trustee of the David W. Albers Revocable Living Trust | 104.444443 | 977 | 246 |
| 6 | Shirley J. Albers, Trustee of the Ruseell M. Albers and Shirley J. Albers Revocable Trust | 104.444443 | 977 | 240 |
| 7 | Gail M. Albers | 34.8148176 | 977 | 248 |
| 8 | Julie Albers | 8.7037044 | 977 | 244 |
| 9 | Laura Albers | 8.7037044 | 977 | 242 |
| 10 | Lorraine R. Green | 34.8148176 | 977 | 238 |
| 11 | Rebecca D. Albers | 8.7037044 | 977 | 254 |
| 12 | Joe Wayne Vanecek, Trustee of the JJV Ranch Trust | 240.355 | 977 | 293 |
| 13 | Ehlert Partners, Ltd., Harry Cern Ehlert | 27.7174375 | 977 | 321 |
| 14 | Robert E. Ehlert | 27.7174375 | 977 | 317 |
| 15 | Thomas L. Doggett | 55.434875 | 977 | 319 |
| 16 | Tierni Altieri | 26.4854623 | 977 | 265 |
| 17 | Dion Van Biljon | 26.4854623 | 977 | 263 |
| 18 | David C. Copeland | 26.5093016 | 977 | 261 |
| 19 | Jan Stiernberg | 79.4563869 | 977 | 259 |
| 20 | Sally Stiernberg | 79.4563869 | 977 | 257 |
| 21 | Gordon B. Broyles Land and Minerals, In C/O Barrett Broyles | 43.729989 | 977 | 277 |
| 22 | Lucie Broyles | 43.729989 | 977 | 279 |
| 23 | Carol Holland Knowles, Ind. Exe. Of the Estate of David Knowles, Dec'd | 65.594357 | 977 | 281 |
| 24 | Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | 65.594357 | 977 | 283 |
| 25 | Montalba Farms, In C/O Ben Broyles | 43.729989 | 977 | 285 |
| 26 | Elizabeth Dilley Davenport | 32.797172 | 977 | 287 |
| 27 | Virginia J. Davenport | 32.797172 | 977 | 289 |
| 28 | Jean Davenport Herrington | 32.797172 | 977 | 291 |
| 29 | Henry S. Davenport, III | 32.797172 | 977 | 275 |

| Lease | Lessor | Net Acres | Volume | Page |
|--------------|---|------------------|---------------|-------------|
| 30 | Ehlert Partners, Ltd., Harry Cern Ehlert as General Partner | 10.3971875 | 977 | 325 |
| 31 | Robert E. Ehlert | 10.3971875 | 977 | 323 |
| 32 | Thomas L. Doggett | 20.794375 | 977 | 324 |
| 33 | Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | 50.162222 | 977 | 315 |
| 34 | Gordon B. Broyles Land and Minerals, In C/O Barrett Broyles | 33.4414812 | 977 | 307 |
| 35 | Elizabeth Dilley Davenport | 25.0811112 | 977 | 305 |
| 36 | Jean Davenport Herrington | 25.0811112 | 977 | 301 |
| 37 | Henry S. Davenport, III | 25.0811112 | 977 | 313 |
| 38 | Lucie Broyles | 33.4414812 | 977 | 311 |
| 39 | Montalbe Farm LLC, In C/O of Ben Broyles | 33.4414812 | 977 | 309 |
| 40 | Virginia J. Davenport | 25.0811112 | 977 | 303 |
| 41 | Joe Wayne Vanecek, Trustee of the JJV Ranch Trust | 275 | 977 | 297 |
| 42 | Terry Oates | 25.58813 | 977 | 269 |
| 43 | Charles R. Oates, Indiv. | 25.58813 | 977 | 267 |
| 44 | Charles R. Oates and Wanda E. Oates | 141.64 | 977 | 273 |
| 45 | Charles R. Oates and Wanda E. Oates | 32.416 | 977 | 271 |
| 46 | Peggie West | 65.523783 | 977 | 299 |
| 47 | Harold and Cendy Naasz | 17.25 | 977 | 295 |
| 48 | Miguel and Theresa Castillejo | 4.187 | 915 | 393 |
| 49 | Carla Mohon | 3.46 | 917 | 855 |
| 50 | Sharon Daniel, Ind. Executor of Wilbert Daniel | 2.472 | 915 | 400 |

**ASSIGNMENT OF OIL, GAS AND MINERAL LEASES: GRAVITY METER EXPLORATION TO
TUCANA OIL AND GAS, LLC**

Exhibit B

****See Attached****

Attached to and made a part of that certain Assignment of Oil, Gas and Mineral Leases dated March 24, 2016 by and between Gravity Meter Exploration, LLC and Tucana Oil and Gas, L.L.C.

| <u>LESSOR</u> | <u>LESSEE</u> | <u>DATE</u> | <u>VOL/PAGE NO.</u> | <u>ACRES</u> |
|---|-----------------------------------|-------------|---------------------|--------------|
| JJV Ranch Trust, Joe W. Vanecek, Trustee | Gravity Meter Exploration, L.L.C. | 4-27-13 | 910/656 OPR | 480.71 |
| JJV Ranch Trust, Joe W. Vanecek, Trustee | Gravity Meter Exploration, L.L.C. | 4-4-13 | 910/654 OPR | 275.00 |
| Harold Naasz and wife, Cendy Naasz | Gravity Meter Exploration, L.L.C. | 4-30-13 | 910/652 OPR | 17.25 |
| Charles R. Oats and wife, Wanda E. Oats | Gravity Meter Exploration, L.L.C. | 4-17-13 | 910/812 OPR | 231.61 |
| Dan Barnes | Rock Ridge Resources | 6-26-13 | 914/558 OPR | 128.27 |
| Jon P. Elliott | Rock Ridge Resources | 7-18-13 | 914/170 OPR | 128.27 |
| William G. Elliott | Rock Ridge Resources | 7-18-13 | 914/171 OPR | 128.27 |
| Charlcya Staton | Rock Ridge Resources | 7-18-13 | 912/777 OPR | 128.27 |
| Sarah Edmonds | Rock Ridge Resources | 7-30-13 | 915/768 OPR | 128.27 |
| Jean Davenport Herrington | Rock Ridge Resources | 6-03-13 | 912/160 OPR | 327.64 |
| Elizabeth Dilley Davenport | Rock Ridge Resources | 6-03-13 | 912/829 OPR | 327.64 |
| Virginia Jackson Davenport | Rock Ridge Resources | 6-03-13 | 912/825 OPR | 327.64 |
| Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | Rock Ridge Resources | 6-06-13 | 913/212 OPR | 327.64 |
| Montalba Farm, L.L.C. In Care of Ben Broyles | Rock Ridge Resources | 6-06-13 | 913/210 OPR | 327.64 |
| Henry S. Davenport | Rock Ridge Resources | 6-26-13 | 913/710 OPR | 327.64 |
| Gordon B. Broyles Land And Minerals, L.L.C. | Rock Ridge Resources | 6-06-13 | 912/827 OPR | 327.64 |
| R. McIver Hay Real Estate Partnership, LTD. | Rock Ridge Resources | 6-19-13 | 912/388 OPR | 73.00 |
| James William Wrathall | Rock Ridge Resources | 6-26-13 | 914/227 OPR | 152.90 |
| Ron Page | Rock Ridge Resources | 8-12-13 | 915/398 OPR | 379.20 |
| Jane Zielinski | Rock Ridge Resources | 8-12-13 | 915/396 OPR | 379.20 |
| B.E. Quinn, Et Al | Rock Ridge Resources | 7-01-13 | 922/458 OPR | 311.00 |
| Lucie Broyles Rainbolt | Rock Ridge Resources | 8-06-13 | 915/769 OPR | 310.78 |
| Montalba Farm, L.L.C. In Care of Ben Broyles | Rock Ridge Resources | 8-06-13 | 915/773 OPR | 310.78 |
| Gordon B. Broyles Land And Minerals, L.L.C. | Rock Ridge Resources | 8-06-13 | 915/771 OPR | 310.78 |

| | | | | |
|---|-----------------------------------|---------|-------------|---------|
| Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | Rock Ridge Resources | 8-06-13 | 916/516 OPR | 310.78 |
| Elizabeth Dilley Davenport | Rock Ridge Resources | 8-06-13 | 916/518 OPR | 310.78 |
| Jean Davenport Herrington | Rock Ridge Resources | 8-06-13 | 916/520 OPR | 310.78 |
| Virginia Jackson Davenport | Rock Ridge Resources | 8-06-13 | 916/522 OPR | 310.78 |
| Henry S. Davenport | Rock Ridge Resources | 8-06-13 | 924/159 OPR | 310.78 |
| Henry S. Davenport | Rock Ridge Resources | 9-12-13 | 923/305 OPR | 82.79 |
| Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | Rock Ridge Resources | 9-23-13 | 923/303 OPR | 82.79 |
| Elizabeth Dilley Davenport | Rock Ridge Resources | 9-12-13 | 923/301 OPR | 82.79 |
| Virginia Jackson Davenport | Rock Ridge Resources | 9-12-13 | 923/299 OPR | 82.79 |
| Jean Davenport Herrington | Rock Ridge Resources | 9-12-13 | 923/297 OPR | 82.79 |
| R. Mciver Hay Real Estate Partners | Gravity Meter Exploration, L.L.C. | 5-16-13 | 911/804 OPR | 1095.15 |
| O.O. Thorton Real Properties, LLC-Mineral Series | Gravity Meter Exploration, L.L.C. | 7-1-13 | 913/586 OPR | 1095.15 |
| Ronald Kirksey | Gravity Meter Exploration, L.L.C. | 5-13-13 | 910/777 OPR | 4.08 |
| Edna Pruett | Gravity Meter Exploration, L.L.C. | 5-13-13 | 910/778 OPR | 10.00 |
| Chester Nowlin | Gravity Meter Exploration, L.L.C. | 5-13-13 | 911/209 OPR | 33.24 |
| Danny Duncan | Gravity Meter Exploration, L.L.C. | 5-23-13 | 911/210 OPR | 13.00 |
| Miguel Castillejo and wife, Theresa Castillejo | Gravity Meter Exploration, L.L.C. | 7-23-13 | 915/393 OPR | 16.75 |
| Sharon Daniel, Independent Executor of Wilbert Daniel, Deceased | Gravity Meter Exploration, L.L.C. | 7-23-13 | 915/400 OPR | 9.89 |
| Lorraine Walters | Gravity Meter Exploration, L.L.C. | 8-1-13 | 916/750 OPR | 6.67 |
| Carla Mohon | Gravity Meter Exploration, L.L.C. | 8-20-13 | 917/855 OPR | 13.85 |
| Peggie West | Rock Ridge Resources | 5-30-13 | 911/343 OPR | 102.281 |
| Harry C. Ehlert | Rock Ridge Resources | 6-5-13 | 912/370 OPR | 306.449 |
| Robert E. Ehlert | Rock Ridge Resources | 6-5-13 | 915/89 OPR | 306.449 |
| Thomas L. Doggett | Rock Ridge Resources | 6-5-13 | 912/775 OPR | 306.449 |
| Lucie Broyles Rainbolt | Rock Ridge Resources | 6-6-13 | 912/61 OPR | 327.64 |
| Charles R. Oats | Rock Ridge Resources | 6-14-13 | 912/150 OPR | 237.56 |
| Charles R. Oats and wife Wanda Oates | Rock Ridge Resources | 6-14-13 | 912/154 OPR | 237.56 |

| | | | | |
|------------------------|----------------------|---------|-------------|--------|
| Terry Oats | Rock Ridge Resources | 6-14-13 | 912/152 OPR | 237.56 |
| Pete Wetzel Youngblood | Rock Ridge Resources | 6-26-13 | 914/217 OPR | 152.90 |

*Official Records of Trinity County, Texas.

END OF EXHIBIT "A"

THE STATE OF TEXAS
COUNTY OF TRINITY

I hereby certify that the instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Trinity County, Texas in the Volume and Page as noted hereon by me.

Shasta Bergman
County Clerk, Trinity County

By Jeanette Vasquez Deputy



FILED

at 1:40 o'clock P M

MAR 29 2016

SHASTA BERGMAN
COUNTY CLERK, TRINITY CO., TEXAS

By Jeanette Vasquez Deputy

**ASSIGNMENT OF OIL, GAS AND MINERAL LEASES: TUCANA OIL AND GAS, LLC TO HELIOS
ENERGY USA, LLC**

Exhibit C

****See Attached****

ASSIGNMENT OF OIL, GAS AND MINERAL LEASES

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRINITY §

WHEREAS, **TUCANA OIL AND GAS, L.L.C.** (“Assignor”), whose address is 6575 West Loop South, Suite 455, Bellaire, Texas 77401, is the sole lessee under the oil, gas and mineral leases described in **Exhibit A** attached hereto and made a part hereof (hereinafter the “Leases”), covering certain land situated in Trinity County, Texas.

NOW THEREFORE, Assignor, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, sell, transfer and assign unto **HELIOS ENERGY USA, LTD.** (“Assignee”), whose address is Two Riverway, Suite 1710, Houston, Texas 77056 all of Assignor’s right, title and interest in and to the Leases, and to all personal property, machinery and equipment located thereon, together with all leasehold and other rights, titles and interest that Assignor has in and to said land and minerals by virtue of the Leases, and all rights, titles and interest created by the Leases (the “Assignment”).

TO HAVE AND TO HOLD unto **HELIOS ENERGY USA, LTD.**, its successors and assigns forever in accordance with the terms and provisions of the Leases and leasehold rights.

Assignor does hereby warrant title to the leasehold rights and interests herein assigned, by through and under Assignor, and does hereby warrant that it is the owner thereof and has all leasehold rights which the Leases create with full right to convey same, and that said Leases are now unencumbered, valid and in full force and effect. Assignor does hereby warrant that this Assignment transfers and conveys a 100% working interest and a 75% net revenue interest in the Leases held by the Assignee by, through and under the Leases.

It is expressly understood that Assignee is burdened by any and all overriding royalty interests granted prior to this Assignment, including but not limited to, that particular Assignment of Overriding Royalty Interest granted by Assignor in favor of Pentop Petroleum LLC as Grantee, dated December 19th, 2017 and recorded in volume 0978, page 0126 of the official public records of the County of Trinity, Texas.

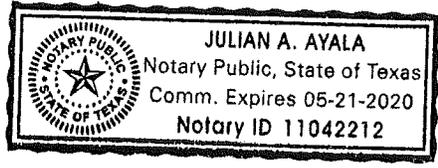
EXECUTED as of February 9, 2017, but effective upon the date of each respective lease.

TUCANA OIL AND GAS, L.L.C.

By: 
Hugh Idstein
Manager

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 9th day of FEBRUARY, 2017 by Hugh Idstein, Manager of **TUCANA OIL AND GAS, L.L.C.**, a Texas limited liability company.



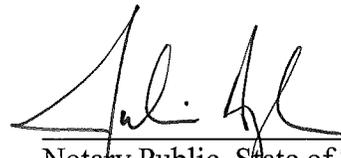

Notary Public, State of Texas

EXHIBIT A

LEASES

| Lease | Lessor | Net Acres | Volume | Page |
|--------------|---|------------------|---------------|-------------|
| 1 | O.O Thornton Real Estate Properties, L.L.C. - Mineral Series | 547.58 | 977 | 256 |
| 2 | Jan Moreland | 208.888887 | 977 | 250 |
| 3 | Suzanne Moreland Hunt | 104.444443 | 977 | 235 |
| 4 | Denise Hunt | 104.444443 | 977 | 252 |
| 5 | David W. Albers, Trustee of the David W. Albers Revocable Living Trust | 104.444443 | 977 | 246 |
| 6 | Shirley J. Albers, Trustee of the Ruseell M. Albers and Shirley J. Albers Revocable Trust | 104.444443 | 977 | 240 |
| 7 | Gail M. Albers | 34.8148176 | 977 | 248 |
| 8 | Julie Albers | 8.7037044 | 977 | 244 |
| 9 | Laura Albers | 8.7037044 | 977 | 242 |
| 10 | Lorraine R. Green | 34.8148176 | 977 | 238 |
| 11 | Rebecca D. Albers | 8.7037044 | 977 | 254 |
| 12 | Joe Wayne Vanecek, Trustee of the JJV Ranch Trust | 240.355 | 977 | 293 |
| 13 | Ehlert Partners, Ltd., Harry Cern Ehlert | 27.7174375 | 977 | 321 |
| 14 | Robert E. Ehlert | 27.7174375 | 977 | 317 |
| 15 | Thomas L. Doggett | 55.434875 | 977 | 319 |
| 16 | Tierni Altieri | 26.4854623 | 977 | 265 |
| 17 | Dion Van Biljon | 26.4854623 | 977 | 263 |
| 18 | David C. Copeland | 26.5093016 | 977 | 261 |
| 19 | Jan Stiernberg | 79.4563869 | 977 | 259 |
| 20 | Sally Stiernberg | 79.4563869 | 977 | 257 |
| 21 | Gordon B. Broyles Land and Minerals, In C/O Barrett Broyles | 43.729989 | 977 | 277 |
| 22 | Lucie Broyles | 43.729989 | 977 | 279 |
| 23 | Carol Holland Knowles, Ind. Exe. Of the Estate of David Knowles, Dec'd | 65.594357 | 977 | 281 |
| 24 | Mary Knowles Romick, Trustee for the William M. Knowles Family Credit Trust | 65.594357 | 977 | 283 |
| 25 | Montalba Farms, In C/O Ben Broyles | 43.729989 | 977 | 285 |
| 26 | Elizabeth Dilley Davenport | 32.797172 | 977 | 287 |
| 27 | Virginia J. Davenport | 32.797172 | 977 | 289 |
| 28 | Jean Davenport Herrington | 32.797172 | 977 | 291 |
| 29 | Henry S. Davenport, III | 32.797172 | 977 | 275 |
| 30 | Ehlert Partners, Ltd., Harry Cern Ehlert as General Partner | 10.3971875 | 977 | 325 |
| 31 | Robert E. Ehlert | 10.3971875 | 977 | 323 |
| 32 | Thomas L. Doggett | 20.794375 | 977 | 324 |
| 33 | Mary Knowles Romick, Trustee for the William M. | 50.162222 | 977 | 315 |

| Lease | Lessor | Net Acres | Volume | Page |
|-------|---|------------|--------|------|
| | Knowles Family Credit Trust | | | |
| 34 | Gordon B. Broyles Land and Minerals, In C/O Barrett Broyles | 33.4414812 | 977 | 307 |
| 35 | Elizabeth Dilley Davenport | 25.0811112 | 977 | 305 |
| 36 | Jean Davenport Herrington | 25.0811112 | 977 | 301 |
| 37 | Henry S. Davenport, III | 25.0811112 | 977 | 313 |
| 38 | Lucie Broyles | 33.4414812 | 977 | 311 |
| 39 | Montalbe Farm LLC, In C/O of Ben Broyles | 33.4414812 | 977 | 309 |
| 40 | Virginia J. Davenport | 25.0811112 | 977 | 303 |
| 41 | Joe Wayne Vanecek, Trustee of the JJV Ranch Trust | 275 | 977 | 297 |
| 42 | Terry Oates | 25.58813 | 977 | 269 |
| 43 | Charles R. Oates, Indiv. | 25.58813 | 977 | 267 |
| 44 | Charles R. Oates and Wanda E. Oates | 141.64 | 977 | 273 |
| 45 | Charles R. Oates and Wanda E. Oates | 32.416 | 977 | 271 |
| 46 | Peggie West | 65.523783 | 977 | 299 |
| 47 | Harold and Cendy Naasz | 17.25 | 977 | 295 |
| 48 | Miguel and Theresa Castillejo | 4.187 | 915 | 393 |
| 49 | Carla Mohon | 3.46 | 917 | 855 |
| 50 | Sharon Daniel, Ind. Executor of Wilbert Daniel | 2.472 | 915 | 400 |

12. BOARD, MANAGEMENT AND INTERESTS

12.1 Directors and key personnel

As at the date of this Prospectus, the Board comprises of:

- (a) Tony Brennan;
- (b) Gary Steinepreis; and
- (c) Carl Coward.

In accordance with the terms of the Trinity Acquisition Agreement, within 90 days of Settlement occurring, it is proposed that Mr Coward will resign as a Director of the Company and the Board will consist of:

- (a) Tony Brennan;
- (b) Gary Steinepreis; and
- (c) two (2) independent directors nominated by the Vendors and notified to the Company. As at the date of this Prospectus, these two (2) independent directors have not yet been notified to the Company by the Vendors.

Detailed summaries of the background and experience of each of Tony Brennan, Gary Steinepreis and Carl Coward are set out below.

Tony Brennan (Non-Executive Chairman)

Mr Brennan is a Chartered Accountant with a career of 30 years. He was previously a partner in an Australian national accounting firm, and has extensive hands on experience in financial management. Since leaving the accounting profession in 1990 he has played a leading role in a number of Australian resource companies, including the role of Managing Director and Chairman of a number of ASX or London Stock Exchange (LSE) listed companies. In 2004 he founded Delta Capital Pty Ltd to provide boutique investment banking and corporate advisory service principally to the natural resources sector with a special focus on conventional and alternative energy companies.

Other Current Directorships

Acorn Minerals Plc

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Chairman

Gary Steinepreis (Non-Executive Director)

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Mr Steinepreis, in his role as a director of Ascent Capital, has previously been appointed as a director of a number of companies which have entered into

external administration. In these instances, Mr Steinepreis was appointed to assist in the restructure and recapitalisation processes.

Mr Steinepreis was a director of Central Norseman Gold Corporation Pty Ltd which is a subsidiary of Norseman Gold Plc. An administrator was appointed to Central Norseman Gold Corporation Pty Ltd in October 2012 to undertake a recapitalisation and restructure of the business due to lack of working capital and loss making operations. A deed of company arrangement for Central Norseman Gold Corporation Pty Ltd was settled in May 2013 and the entity is no longer in administration. Mr Steinepreis resigned as a director of Central Norseman Gold Pty Ltd and Norseman Gold plc on 9 March 2016.

Other Current Directorships

AVZ Minerals Limited since 30 November 2012

Taruga Gold Limited since 15 July 2016

CFOAM Limited since 30 March 2016

Former Directorships in the Last Three Years

ShareRoot Limited (formerly Monto Minerals Ltd) 16 June 2009 to 12 January 2016

Norseman Gold Plc 3 December 2007 to 9 March 2016

Intercept Minerals Ltd 8 April 2014 to 2 February 2015

Special Responsibilities

Company Secretary

Carl Coward (Non-Executive Director)

Mr Coward's qualifications include a Bachelor of Commerce from Curtin University of Technology in Perth, Western Australia. Mr Coward has several years' experience in investment banking with a particular focus on the natural resources sector. He has recently been involved in thermal coal projects in Indonesia, South Africa and North America. He is currently an Associate Director of corporate advisor Delta Capital.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

None

Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise the exploration for oil and gas on the projects in which the Company has, or will in the future have, an interest in and the Board will continually monitor the management roles in the Company. As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's projects.

12.2 Disclosure of Interests

Security holdings

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Shares | Options | Performance Rights | Entitlement Shares | Entitlement New Options | \$ |
|------------------|-------------------------|---------|--------------------|--------------------|-------------------------|-------------|
| Tony Brennan | 13,225,760 ¹ | Nil | Nil | 105,806,080 | 35,268,693 | \$2,116,121 |
| Gary Steinepreis | 10,040,998 ² | Nil | Nil | 80,327,984 | 26,775,994 | \$1,606,559 |
| Carl Coward | 8,077,889 ³ | Nil | Nil | 64,623,112 | 21,541,037 | \$1,292,462 |

Notes:

1. Comprising:
 - (a) 12,450,760 Shares held indirectly by Brennan Super (WA) Pty Ltd <A T Brennan Superfund A/C>, an entity controlled by Mr Brennan;
 - (b) 225,000 Shares held indirectly by Delta Enterprises Australia Pty Ltd, an entity controlled by Mr Brennan; and
 - (c) 550,000 Shares held indirectly by Mr Brennan's spouse.

2. Comprising:
 - (a) 10,000 Shares directly held by Mr Steinepreis;
 - (b) 20,000 Shares indirectly held by Mr Steinepreis' spouse;
 - (c) 6,640,998 Shares indirectly held by Oakhurst Enterprises Pty Ltd, an entity controlled by Mr Steinepreis;
 - (d) 510,000 Shares indirectly held by LeisureWest Consulting Pty Ltd <LeisureWest Trust A/C>, an entity controlled by Mr Steinepreis;
 - (e) 10,000 Shares indirectly held by Ascent Capital Pty Ltd, an entity controlled by Mr Steinepreis;
 - (f) 2,840,000 Shares indirectly held by Ascent Capital Holdings Pty Ltd, an entity controlled by Mr Steinepreis; and
 - (g) 10,000 Shares indirectly held by Ascent Minerals Pty Ltd, an entity controlled by Mr Steinepreis.

4. Comprising 2,792,207 held by Mr Coward <Budo HO A/C> and 5,285,682 held directly by Mr Coward.

The Board recommends to all Shareholders that they take up all or some of their Entitlements. The current Directors reserve the right to take up all or some of their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in

general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Details of the Directors' remuneration for the previous two completed and the current financial year are set out in the table below:

| Director | Remuneration for the year ended 30 June 2015 | Remuneration for the year ended 30 June 2016 | Proposed remuneration for year ended 30 June 2017 |
|------------------|--|--|---|
| Tony Brennan | \$43,800 | \$36,500 | \$43,800 |
| Gary Steinepreis | \$24,000 | \$20,000 | \$24,000 ¹ |
| Carl Coward | \$24,000 | \$20,000 | \$24,000 |

Notes:

1. Mr Steinepreis has undertaken a management role in the acquisition of the Projects and this Prospectus which are additional services. Entities associated with Mr Steinepreis will be paid for these additional services undertaken as part of the Prospectus work on commercial terms and it is proposed that this fee will be \$75,000 (plus GST).

12.3 Agreements with Directors

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The Company's Board has followed that process in approving the current agreements with related parties. Current Directors who did not have a material personal interest in each agreement considered that they are reasonable in the circumstances as the agreements were made on reasonable commercial terms and on terms that would be reasonable in the circumstances if the parties involved were dealing at arm's length.

The agreements the Company has entered into with Directors or their controlled entities are contained in Section 14.

13. CORPORATE GOVERNANCE

13.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, our Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.newhorizoncoal.com.au.

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

13.2 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

14. MATERIAL CONTRACTS

14.1 Trinity Acquisition Agreement

A summary of the material terms of the Trinity Acquisition Agreement is set out below:

- (a) **(Conditions Precedent):** As at the date of this Prospectus, Settlement of the Trinity Acquisition remains conditional upon the satisfaction or waiver by the parties of the following conditions:
- (i) subject to the receipt of the ASX waivers contemplated by Section 14.1(d) below, the Company completing a non-renounceable rights issue to existing shareholders on the basis of eight (8) new Shares for every one (1) Share held at an issue price of \$0.02 per Share, together with one (1) free attaching New Option for every three (3) new Shares applied for and issued, to raise up to approximately \$18,880,000. The minimum subscription under the Entitlement Offer will be \$12,000,000.
 - (ii) the parties obtaining all necessary approvals and consents from affected third parties for the assignment and transfer of the Trinity Oil Project;
 - (iii) the Company obtaining all necessary shareholder approvals to give effect to the matters set out in the Trinity Acquisition Agreement pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**), ASX Listing Rules or any other law to allow the Company to lawfully complete the matters set out in the Trinity Acquisition Agreement including any approvals required by the Company to re-comply with the admission and quotation requirements of ASX, including without limitation:
 - (A) ASX Listing Rule approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Trinity Consideration Shares to the Vendors (and/or their nominee/s);
 - (B) ASX Listing Rule approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Shares and New Options pursuant to the Entitlement Offer;
 - (C) ASX Listing Rule 11.1.2 approval authorising a change of nature and scale of activities of the Company;
 - (D) approval and execution of a consolidation of the capital of the Company (which at a minimum shall be on a 2:1 basis) which will result in the volume weighted average price of the Shares on the ASX being a minimum of \$0.02 per Share if the Shares are then trading below \$0.02 (**Consolidation**);
 - (E) election of directors of the Company as contemplated by Section 14.1(e) below; and
 - (F) such other approvals as may be identified as necessary as a result of the due diligence;

- (iv) the Company obtaining all necessary regulatory approvals pursuant to the Corporations Act, ASX Listing Rules or any other law on terms acceptable to the Company to allow the Company to lawfully complete the matters set out in the Trinity Acquisition Agreement, including, but not limited to, conditional approval for reinstatement of the Company's quoted securities to official quotation on ASX following settlement of the Trinity Acquisition on terms and conditions satisfactory to the Company; and
- (v) the parties obtaining all consents necessary to lawfully complete the matters set out in the Trinity Acquisition Agreement,

(together, the **Trinity Conditions**).

(b) **(End Date)**: If the Trinity Conditions are not satisfied (or waived) on or before the date specified in the Trinity Conditions or in the absence of a date on or before 5:00pm (Perth time) on 31 March 2017, a party who is entitled to waive the Trinity Condition, or either party in respect of the Trinity Conditions that cannot be waived, may give notice to the other parties that the Trinity Acquisition Agreement will be at an end and the parties will be released from their future obligations under the Trinity Acquisition Agreement.

(c) **(Consideration)**: Subject to satisfaction or waiver of the Trinity Conditions, in consideration for the Vendors assigning and transferring the Trinity Oil Project to the Company, the Company will:

- (i) issue to the Vendors (and/or their nominee/s) 192,000,000 Shares (**Trinity Consideration Shares**); and
- (ii) reimburse the Vendors (and/or their nominee/s) the amount of US\$990,000 for past expenditure incurred by the Vendors in respect of the Trinity Leases (**Trinity Reimbursement**),

(together the **Trinity Consideration**).

The Trinity Consideration will be paid at the same time that the Presidio Consideration Securities (as defined in Section 14.2(c)(i) below) and the Presidio Reimbursement are paid.

(d) **(ASX Waivers)**: The Company shall undertake the following steps in connection with the Trinity Acquisition:

- (i) apply for a waiver of ASX Listing Rule 7.11.3 to enable the Company to undertake the Entitlement Offer; and
- (ii) apply for a waiver of ASX Listing Rule 2.1 (Condition 2) to permit the Company to raise funds at an issue price below \$0.20 in connection with the Company's proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

ASX granted the above waivers to the Company on 2 December 2016.

(e) **(Board composition)**: Within 90 days of Settlement occurring, the directors of the Company will consist of four (4) persons consisting of:

- (i) Tony Brennan;

- (ii) Gary Steinepreis; and
 - (iii) two (2) independent directors nominated by the Vendors and notified to the Company. As at the date of this Prospectus, these two (2) independent directors have not yet been notified to the Company by the Vendors.
- (f) **(Settlement)**: Settlement of the Trinity Acquisition (**Settlement**) will occur on that date which is 10 business days after the satisfaction (or waiver) of the Trinity Conditions or such other date as agreed between the parties.
- (g) **(ORRI Revenue Royalty)**: Subject to Settlement occurring and the requirements of the ASX Listing Rules, if the Company purchases or acquires, whether directly or indirectly, an interest in any further leases of oil and gas mineral rights within a 50 kilometre radius of the Trinity Leases (**Additional Leases**), such purchased Additional Leases will be made subject to and be burdened by an overriding 5% gross revenue royalty (**5% ORRI**) on industry standard terms in favour of the Vendors (and/or their nominees).
- (h) **(Option Placement)**: The Company proposes to undertake a placement of up to 630,000,000 Options at an issue price of \$0.00001 each, to raise up to \$6,300 (**Placement**). The Options will be exercisable at \$0.02 each on or before 31 December 2021 and will be issued at Settlement. In the event that the number of Options to be issued under the Placement would breach the ASX Listing Rules (including, but not limited to, ASX Listing Rule 1.1, Condition 1), the number of Options to be issued under the Placement shall be scaled-back. CPS Capital will be Lead Manager and Broker for the Placement. The Company will pay CPS Capital a fee of 6.00% (plus GST) of the value of the Placement, being \$378 (plus GST).
- (i) **(Advisor Securities)**: The Company will issue the following securities to CPS Capital (and/or its nominee/s) at Settlement:
- (i) 25,000,000 Shares; and
 - (ii) 25,000,000 New Options,
- (together the **Advisor Securities**).
- (j) **(Nominee)**: The Company has incorporated a wholly owned subsidiary, Helios Energy USA, Ltd (an entity incorporated in Texas, USA), who, by way of assignment from the Company, will be used as the special purpose vehicle to acquire the Trinity Oil Project.

14.2 Presidio Acquisition Agreement

A summary of the material terms of the Presidio Acquisition Agreement is set out below:

- (a) **(Conditions Precedent)**: As at the date of this Prospectus, the Presidio Acquisition Agreement remains conditional upon the satisfaction or waiver by the parties of the following conditions:
- (i) subject to the receipt of the ASX waivers contemplated by Section 14.1(d) below, the Company completing the Entitlement Offer;

- (ii) the parties obtaining all necessary approvals and consents from affected third parties for the assignment and transfer of the Presidio Oil Project;
- (iii) the Company obtaining all necessary shareholder approvals to give effect to the matters set out in the Presidio Acquisition Agreement pursuant to the Corporations Act, ASX Listing Rules or any other law to allow the Company to lawfully complete the matters set out in the Presidio Acquisition Agreement including any approvals required by the Company to re-comply with the admission and quotation requirements of ASX, including without limitation:
 - (A) ASX Listing Rule approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Presidio Consideration Securities to the Vendors (and/or their nominee/s);
 - (B) ASX Listing Rule approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Shares and New Options pursuant to the Entitlement Offer;
 - (C) ASX Listing Rule 11.1.2 approval authorising a change of nature and scale of activities of the Company;
 - (D) approval and execution of the Consolidation; and
 - (E) such other approvals as may be identified as necessary as a result of the due diligence;
- (iv) the Company obtaining all necessary regulatory approvals pursuant to the Corporations Act, ASX Listing Rules or any other law on terms acceptable to the Company to allow the Company to lawfully complete the matters set out in the Presidio Acquisition Agreement, including, but not limited to, conditional approval for reinstatement of the Company's quoted securities to official quotation on ASX following completion of the acquisition of the Trinity Oil Project on terms and conditions satisfactory to the Company; and
- (v) the parties obtaining all consents necessary to lawfully complete the matters set out in the Presidio Acquisition Agreement,

(Presidio Conditions).

- (b) **(End Date):** If the Presidio Conditions are not satisfied (or waived) on or before the date specified in the Presidio Conditions or in the absence of a date on or before 5:00pm (Perth time) on 31 March 2017, a party who is entitled to waive the Presidio Condition, or either party in respect of the Presidio Conditions that cannot be waived, may give notice to the other parties that the Presidio Acquisition Agreement will be at an end and the parties will be released from their future obligations under the Presidio Acquisition Agreement.
- (c) **(Consideration):** Subject to satisfaction or waiver of the Presidio Conditions, the Company shall pay and perform the following

consideration in order to acquire or earn from the Vendors all right, title and interest in and to the Presidio Project:

- (i) issue to the Vendors (and/or their nominee/s):
 - (A) 48,000,000 Shares (**Presidio Consideration Shares**); and
 - (B) 240,000,000 performance rights which will vest upon the average daily production (net to NHO) (pre-royalty) from the Presidio Oil Project in excess of 1,200 barrels of oil equivalent (boe) (**Presidio Performance Rights**). Any Presidio Performance Right that has not vested on or before 5.00pm WST on 31 December 2021 will automatically lapse,

(together the **Presidio Consideration Securities**);
- (ii) reimburse the Vendors (and/or their nominees) the amount of US\$460,000 for past expenditure incurred by the Vendors in respect of the Presidio Leases (**Presidio Reimbursement**); and
- (iii) discharge by performance each of the following obligations:
 - (A) drill, as operator, on or before 31 March 2017 (or such later date as agreed between the parties), at a cost of at least US\$500,000, one vertical oil well on the Presidio Leases; and
 - (B) drill, as operator, on or before 31 December 2017 (or such later date as agreed between the parties), at a cost of at least US\$1,000,000, two further vertical oil wells on the Presidio Leases,

(together the **Presidio Consideration**).

The Presidio Consideration Securities and Presidio Reimbursement will be paid at the same time that the Trinity Consideration Shares and the Trinity Reimbursement are paid, being the date that is 10 business days after the satisfaction (or waiver) of the Presidio Conditions or such other date as agreed between the Parties (**Issue Date**).

- (d) (**ASX Waivers**): The Company shall undertake the steps set out in Section 14.1(d) in connection with the Presidio Acquisition.
- (e) (**Settlement**): Settlement of the Presidio Acquisition will occur on the date on which the Company discharges by performance those obligations set out in Section 14.2(c)(iii) above (as determined by the Company, acting reasonably) (**Presidio Settlement Date**).
- (f) (**Joint Venture**): The Vendors and the Company shall be deemed to have formed an unincorporated joint venture immediately on the Issue Date. The Company shall be the operator of the joint venture. Where a joint venture is formed, the parties will enter into the Model Form Joint Operating Agreement issued by the American Association of Professional Landmen.
- (g) (**Further Leases and Oil Wells**): On and from the Issue Date, any further purchase of oil and gas leases or drilling of oil wells on the Presidio

Leases except for the wells to be drilled in accordance with Section 14.2(c)(iii) (**Further Leases and Oil Wells**) will be on a 'heads up' basis, being 70% to the cost of the Company and 30% to the cost of the Vendors (and/or their nominee/s). The Company will earn a NRI of 52.50% of 8/8ths (being 70% of a NRI of 75%) in all additional oil and gas leases or drilling of oil wells acquired by the joint venture. The mineral rights owners and Vendors in aggregate will retain a gross revenue royalty, on industry standard terms, equal to 25% of the oil and gas produced or won from the Presidio Leases and any Further Leases and Oil Wells acquired by the joint venture within a 50km radius of the Presidio Leases.

- (h) (**Option Placement**): The Company proposes to undertake Placement described in section 14.1(h) above.
- (i) (**Advisor Securities**): The Company proposes to issue the securities described in section 14.1(i) above.
- (j) (**Nominee**): The Company has incorporated a wholly owned subsidiary, Helios Energy USA, Ltd (an entity incorporated in Texas, USA), who, by way of assignment from the Company, will be used as the special purpose vehicle to acquire the Presidio Oil Project.

14.3 Mandate Letter with Lead Manager and Broker

The Company has entered into a mandate letter with CPS Capital Group Pty Ltd (AFSL: 294848) (**CPS Capital**) pursuant to which CPS Capital has agreed to act as lead manager and broker to both the Entitlement Offer and the Options Offer (**CPS Capital Mandate**). The Company has agreed to pay CPS Capital the following fees and issue CPS Capital the following Options under the CPS Capital Mandate on completion of the Offer:

- (a) pay a fee of 6% (plus GST) on all funds raised via the Entitlement Offer and the Options Offer; and
- (b) issue CPS Capital (or its nominee) 25,000,000 Shares and 25,000,000 New Options (on the terms and conditions set out in Section 15.2).

CPS Capital will also be entitled to reimbursement of its reasonable expenses (including travel and legal expenses) plus GST incurred in respect of the Offer but CPS Capital must obtain the Company's consent prior to incurring any expenses.

The CPS Capital Mandate is otherwise made on standard commercial terms and contains other standard termination provisions, indemnities, terms and conditions expected to be included in a mandate of this nature.

14.4 Director Appointment Letters

The Company has entered into letters of appointment (**Director Agreements**) with each of Gary Steinepreis, Tony Brennan and Carl Coward pursuant to which:

- (a) Mr Brennan has been appointed as Non-Executive Chairman of the Company;
- (b) Mr Steinepreis has been appointed as a Non-Executive Director and Company Secretary of the Company; and

- (c) Mr Coward has been appointed as a Non-Executive Director of the Company,

subject to the Company's Constitution relating to retirement by rotation and re-election of directors.

Details of the Directors' remuneration under the Director Agreements for the previous two completed and the current financial year is set out in the table in Section 12.2.

Each Director is also entitled to additional payments for devoting special attention (if and when required) to certain Company business outside the scope of their ordinary duties and is entitled to reasonable expenses properly incurred whilst undertaking their respective duties. Mr Steinepreis has undertaken a management role in the acquisition of the Projects and this Prospectus which are additional services. Entities associated with Mr Steinepreis will be paid for these additional services undertaken as part of the Prospectus work on commercial terms and it is proposed that this fee will be \$75,000 (plus GST).

Pursuant to the terms of the Trinity Acquisition Agreement, it is intended that Mr Coward's Director Agreement will be terminated within 90 days of Settlement of the Trinity Acquisition.

14.5 Deeds of indemnity, insurance and access

The Company will enter into a deed of indemnity, insurance and access with each of its Directors and the two Proposed Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

15. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

15.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

15.2 New Options

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 31 December 2021 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(l) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the New Option immediately before the record date of the bonus issue; and
- (ii) and in any event in a manner consistent with the Corporations Act and ASX Listing Rules 6.22.3 at the time of the bonus issue.

(m) **Change in Exercise Price**

A new Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(n) **Quotation**

The New Options are unlisted, however, the Company intends to apply for quotation of the New Options on ASX, subject to the requirements of ASX Listing Rule 2.5.

(o) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

15.3 Performance Rights

The terms of the Performance Rights are set out as follows:

- (a) **(Milestone)**: The Performance Rights will have the following milestone attached to them:
 - (i) the average daily production (net to the Company) (pre-royalty) from the leases that comprise the Presidio Oil Project in Presidio County, Texas USA in excess of 1,200 barrels of oil equivalent (boe) **(Milestone)**.

The Company shall engage and pay for an independent petroleum reservoir engineer to determine the average daily production (net to NHO) (pre-royalty) from the leases that comprise the Presidio Oil Project in Presidio County, Texas USA at least once a year and in any event 30 days prior to the date of lapse of the Performance Rights in accordance with paragraph (g).

- (b) **(Notification to holder)**: The Company shall notify the holder in writing when the Milestone has been satisfied.
- (c) **(Vesting)**: The Performance Rights will vest on the date the Milestone has been satisfied.

- (d) **(Consideration)**: The Performance Rights will be issued in part consideration for the Presidio Acquisition and no consideration will be payable upon the conversion of the Performance Rights into Shares.
- (e) **(Conversion)**: Subject to paragraph (p), upon vesting, each Performance Right will, at the election of the holder, convert into one Share.
- (f) **(Trading restriction)**: Any Share issued on conversion of a Performance Right within 12 months of the Company being reinstated to official quotation on the ASX (**Re-Listing Date**) cannot be traded until the date which is 12 months after the Re-Listing Date unless otherwise permitted by the Board and subject to any other escrow requirements imposed by ASX.
- (g) **(Lapse)**: Any Performance Right that has not vested on or before 5.00pm WST on 31 December 2021 will automatically lapse.
- (h) **(Share ranking)**: All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (i) **(Listing of Shares on ASX)**: The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (j) **(Transfer of Performance Rights)**: The Performance Rights are not transferable.
- (k) **(Participation in Entitlements and Bonus Issues)**: Subject always to the rights under paragraph (m) (*Reorganisation of Capital*), holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (l) **(Adjustment for bonus issue)**: If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and ASX Listing Rules 6.22.3 at the time of the bonus issue.
- (m) **(Reorganisation of Capital)**: In the event that the issued capital of NHO is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the holder are not diminished or terminated.
- (n) **(Dividend and Voting Rights)**: The Performance Rights do not confer on the holder an entitlement to vote or receive dividends.

- (o) **(Change in Control):** Subject to paragraph (p), upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of performance rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

- (p) **(Deferral of conversion if resulting in a prohibited acquisition of Shares):** If the conversion of a Performance Right under paragraph (e) or (o) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (p)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

17. ADDITIONAL INFORMATION**17.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

17.2 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

17.3 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or

- (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

Ralph E. Davis Associates, LLC has acted as Independent Technical Expert and has prepared the Independent Technical Expert's Report which is included in Section 9. The Company estimates it will pay Ralph E. Davis Associates, LLC a total of \$65,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ralph E. Davis Associates, LLC has not received fees from the Company for any other services.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 10. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$8,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received fees from the Company for any other services.

BDO Audit (WA) Pty Ltd has acted as auditor to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit (WA) Pty Ltd has been paid \$61,793 for the provision of auditing services to the Company.

Looper Goodwine has acted as the US attorneys to the Company and has prepared the Title Report which is included in Section 11. The Company estimates it will pay Looper Goodwine \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Looper Goodwine has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian lawyers to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$55,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$72,127.54 (excluding GST and disbursements) for legal services provided to the Company.

CPS Capital Group Pty Ltd (AFSL: 294848) has been appointed by the Company as Lead manager and Broker to both the Entitlement Offer and the Options Offer. CPS Capital Group Pty Ltd (AFSL: 294848) will be paid 6% (plus GST) in cash on all funds raised by way of the Entitlement Offer and the Options Offer. In addition, upon Settlement of the Trinity Acquisition, CPS Capital Group Pty Ltd (AFSL: 294848) will be paid a fee of 25,000,000 Shares and 25,000,000 New Options. During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital Group Pty Ltd (AFSL: 294848) has not received fees from the Company for any other services.

17.4 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Ralph E. Davis Associates LLC, has given its written consent to being named as the Independent Technical Expert in this Prospectus and to the inclusion of the Independent Technical Expert's Report in Section 9 in the form and context in which the report is included. Ralph E. Davis Associates, LLC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as the Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in the Investigating Accountant's Report included in Section 10 of this Prospectus. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Looper Goodwine has given its written consent to being named as the US lawyers to the Company in this Prospectus and to the inclusion of the Title Report in Section 11 in the form and context in which the report is included. Looper Goodwine has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian lawyers to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CPS Capital Group Pty Ltd (AFSL: 294848) has given its written consent to being named as Lead Manager and Broker to the Company in this Prospectus. CPS Capital Group Pty Ltd (AFSL: 294848) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

17.5 Expenses of the Acquisitions and Offers

In the event that all Entitlements are accepted in full, the total expenses of the Offers (excluding GST) are set out in the table below:

| Estimated Costs of Acquisition | Proposed minimum Capital Raising (\$12,000,000) | Proposed maximum Capital Raising (\$18,880,000) |
|---|---|---|
| Rights Issue fees | \$720,000 | \$1,132,800 |
| Notice of meeting preparation, reports, legal and meeting expenses | \$75,000 | \$75,000 |
| ASX Fees | \$80,000 | \$90,000 |
| ASIC Fees | \$2,350 | \$2,350 |
| Transaction management services and Due Diligence | \$125,000 | \$125,000 |
| Legal in Australia and USA, Accounting Reports, Technical Report and Title Report | \$155,372 | \$155,372 |
| Miscellaneous including printing costs | \$45,000 | \$45,000 |
| TOTAL | \$1,202,722 | \$1,625,522 |

17.6 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

17.7 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on + 61 8 9420 9300 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company’s website at www.newhorizoncoal.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

17.8 Privacy Act

If you complete an Application Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

18. DIRECTORS' AUTHORISATION

This 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 Prospectus with the ASIC.

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

19. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

Acquisitions has the meaning given in Section 5.2.

Acquisition Agreements means Trinity Acquisition Agreement and the Presidio Acquisition Agreement.

Applicant means a person who has submitted an Application Form pursuant to one of the Offers.

Application Form means an Entitlement and Acceptance Form, Shortfall Application Form, Vendor Offer Application Form, Options Offer Application Form or Broker Offer Application Form as the context requires attached to or accompanying this Prospectus relating to the relevant Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

bo means barrels of oil.

Board means the board of Directors unless the context indicates otherwise.

Broker Offer means the offer of 25,000,000 Shares and 25,000,000 New Options to CPS Capital Group Pty Ltd (and/or its nominees) pursuant to this Prospectus.

Broker Offer Application Form means means the application form attached to or accompanying this Prospectus relating to the Broker Offer.

bopd means barrels of oil per day.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out in Section 2 (unless extended).

Company means New Horizon Coal Ltd (to be renamed "Helios Energy Ltd") ACN 143 932 110.

Consideration Securities means the Trinity Consideration Shares and the Presidio Consideration Securities.

Consolidation means the consolidation of the Company's existing Shares on the basis that every 2 Shares were consolidated into 1 Share, with fractional entitlements rounded up, undertaken by the Company as approved at the General Meeting, which consolidation was completed on 15 February 2017.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Essential Resolutions has the meaning given in Section 5B of the Investment Overview in Section 5.

General Meeting means the general meeting of Shareholders held on 6 February 2017 at which Shareholders approved, amongst other things, the Essential Resolutions.

Lead Manager and Broker means CPS Capital Group Pty Ltd (AFSL: 294848).

Minimum Subscription has the meaning given in Section 6.2.

Net Revenue Interest or **NRI** means the share of production in an oil and gas lease after all burdens, such as royalty and overriding royalty, have been deducted from the Working Interest. It is the percentage of production that each party actually receives.

New Option means an Option issued on the terms set out in Section 15.2.

Offers means the Entitlement Offer, the Shortfall Offer, the Vendor Offer, the Options Offer and the Broker Offer.

Official List means the official list of ASX.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Options Offer means the offer of up to 630,000,000 New Options at an issue price of \$0.00001 per New Option to raise up to \$6,300.

Options Offer Application Form means the application form attached to or accompanying this Prospectus relating to the Options Offer.

Other Offers means the Vendor Offer, the Options Offer and the Broker Offer.

Performance Rights means the performance rights to be issued to the Vendors (and/or their nominees) pursuant to the Presidio Acquisition Agreement with the terms and conditions set out in Section 15.3.

Presidio Acquisition Agreement means the conditional heads of agreement dated 5 January 2017 between the Company and the Vendors, for the

Company to acquire the Presidio Oil Project, the material terms of which are summarised in Section 14.2.

Presidio Consideration Securities has the meaning given in Section 14.2.

Presidio Oil Project has the meaning given in Section 7.23.

Projects means the Trinity Oil Project and the Presidio Oil Project.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out in Section 2.

Section means a section of this Prospectus.

Securities means all securities of the Company, including a Share, an Option or a Performance Right (as the context requires).

Settlement means settlement of the Trinity Acquisition in accordance with the terms of the Trinity Acquisition Agreement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Ltd, Reserve Bank Building, Level 2, 45 St George's Terrace, Perth Western Australia, Australia 6000.

Shortfall means the Shares and New Options not applied for under the Entitlement Offer (if any).

Shortfall Application Form means the application form attached to or accompanying this Prospectus relating to the Shortfall Offer.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 6.10.

Shortfall Securities means those Shares and New Options issued pursuant to the Shortfall.

Trinity Acquisition Agreement means the conditional heads of agreement dated 5 January 2017 between the Company and the Vendors, for the Company to acquire the Trinity Oil Project the material terms of which are summarised in Section 14.1.

Trinity Consideration Shares has the meaning given in Section 14.1.

Trinity Oil Project has the meaning given in Section 7.23.

US means the United States of America.

US\$ means a United States of America dollar.

Vendors means the owners of the Trinity Oil Project and the Presidio Oil Project.

Vendor Offer means the offer of 240,000,000 Shares and 240,000,000 Performance Rights to the Vendors (and/or their nominees) pursuant to this Prospectus.

Vendor Offer Application Form means means the application form attached to or accompanying this Prospectus relating to the Vendor Offer.

Working Interest or **WI** means the percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit.

WST means Western Standard Time as observed in Perth, Western Australia.