



ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2013

The Board of New Horizon Coal Ltd (ASX: NHO, "the Company") is pleased to present its quarterly report for the three months ending 31 March 2013:

Highlights for the March Quarter

- **Advanced the Bankable Feasibility Study (BFS) for the Kinney Coal Project, Utah, USA.** Following positive reception of the Pre-Feasibility Study (PFS) results, NHO will commence the BFS. The Company expects to continue with John T. Boyd Company (JT Boyd), who completed work on the PFS, as the BFS contractor.
- **Completed required environmental assessment (EA) on Federal coal leases.** Required as part of the lease by application (LBA) for the Long Canyon Tract in Utah, USA. Following public comment on the EA, the Long Canyon LBA coal lease will be offered in a public lease sale, expected in September Quarter 2013.
- **Secured drilling licences for continued exploration.** The Company secured the exploration licence and completed the environmental assessment for a mid-year drilling program at the Kinney Coal Project. Data from this program is expected to confirm coal seam quality in accordance with JORC standards and convert Inferred reserves to Proven/Probable.
- **Raised additional capital.** NHO completed a \$2 million capital raising (\$1.43 million received with a further amount of \$0.57 million due in April 2013 following approval for Director participation). Funds will enable the Company to complete the Kinney Coal Project BFS.
- **Completed due diligence on further potential acquisitions.** The Company prepared a detailed evaluation for the Dry Canyon Tract, located approximately 50km from the Kinney Coal Project in Utah. NHO declined to bid for the property at this time based on current project economics.

June Quarter Targets

During the upcoming quarter, NHO will commence the Bankable Feasibility Study (BFS) for the Kinney Coal Project and will continue to evaluate strategic acquisitions. Anticipated milestones for the quarter include:

- Initiate work on the Bankable Feasibility Study (BFS), including development of a drilling program to assess coal quality within the Long Canyon LBA;
- Commence exploratory drilling activities at the Kinney Coal Project;
- Prepare for the lease sale of the Long Canyon tract, expected in mid-CY 2013;
- Finalise the export allocation agreement with TDIP;
- Continue discussions and exploration targets for new resource opportunity;
- Evaluating additional mining opportunities in the United States.

New Horizon Coal Ltd

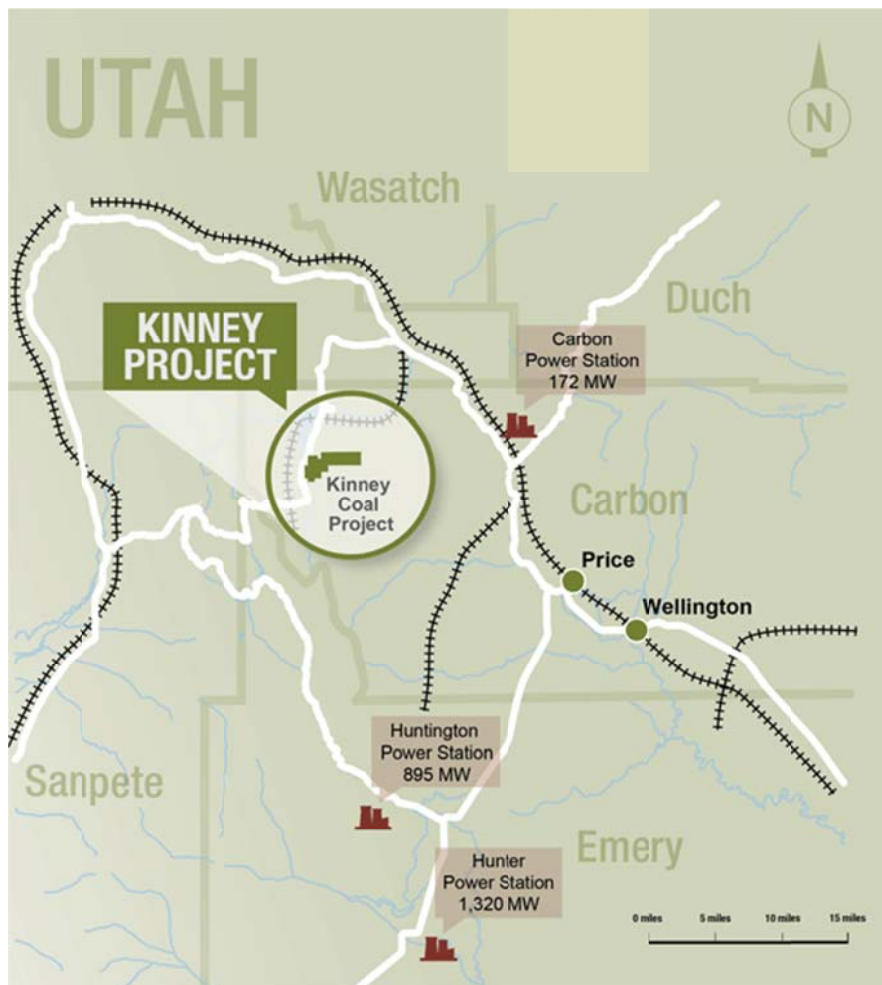
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About the Kinney Coal Project

NHO is focused on becoming a producer of high quality thermal coal with a target of becoming a mid-tier North American coal mining company. Through its US subsidiary, Wasatch Natural Resources (WNR), the Kinney Coal Project was acquired in late 2011. The Kinney Coal Project plan involves underground mining of two major coal seams using conventional, continuous miner sections. Entry will be via an exposed coal seam outcrop within the already permitted area.

The Kinney Coal Project lies in a mature mining region that has historically produced over 30 million tonnes of coal annually from underground mines. The Kinney Coal Project benefits from world-class infrastructure including three class 1 rail carriers within 25km of the proposed portal, paved roads and state highway maintenance facility directly adjacent to the mine, and an experienced local workforce. The Kinney Coal Project is well positioned to meet demand for coal in the domestic and export markets with a high heat, low sulphur product.

Figure 1: Kinney Coal Project Location



Bankable Feasibility Study

Following the positive results of the Kinney Coal Project Pre-Feasibility Study (PFS), NHO has embarked on a series of meetings and presentations to discuss the results with shareholders, potential investors and trading partners. The PFS, completed in November 2012, confirmed the technical and economic feasibility of the Kinney Coal Project and defined a JORC-compliant 16-year life of mine at 2.3 million tonnes of coal per annum run of mine (ROM) production. Highlights of the PFS include low capital expenditures per tonne of ROM production; competitive cash operating costs; world-class logistics, including secure port allocation; and a high-quality JORC-compliant reserve.

Table 1: Capital Expenditures (i\$US '000)

	Phase I Initial Production	Phase II Development	Phase III Full Production
Underground	31,220	27,720	17,547
Surface	31,863	8,387	100
Total	63,083	36,107	17,647

Table 2: Operating Cash Costs per Saleable Tonne (2012 \$US/tonne)

	Life of Mine Annual Average
Mine Operating Cash Costs	32.39
Labour	12.49
Materials & Supplies	13.66
Preparation & Handling	3.34
General & Administrative	3.24
Capitalised Development	(0.31)
Transportation and Port	41.94
Total Cash Cost, FOB Vessel	74.33

John T Boyd Company (JT Boyd), a worldwide leader in technical and economic feasibility studies for the mining and investment community, will continue its work from the PFS and prepare a Bankable Feasibility Study (BFS) on behalf of NHO. The Company expects to commence the BFS early in the next quarter and to complete the study by the end of CY 2013.

The BFS will take into account additional exploration drilling to be completed in mid-2013. Additional quality data, as required by JORC, is expected to increase Life of Mine (LOM) from 16 years, as envisioned in the PFS, to more than 20 years. JT Boyd will also develop reduced capital spending scenarios by analysing operating alternatives not detailed in the PFS, including contract labour and equipment, and use of existing loadout facilities.

Long Canyon LBA

NHO undertook work on its Environmental Assessment (EA) of the Long Canyon LBA Tract in Utah, USA (the Tract). The Tract comprises more than 2,900 hectares of Federally-owned mineral rights and a JORC Resource of 55.8 million tonnes of coal. Completion of the EA will

allow the US Bureau of Land Management (BLM) to offer the Tract for lease sale in a competitive auction. The auction is expected to occur in September quarter 2013.

The Company and JT Boyd remain confident in NHO's ability to secure the Tract via competitive auction due to the Tract's contiguous borders with the Kinney Coal Project to its north and west, and complex geology limiting access from areas not controlled by NHO. Exploratory drilling on the Tract planned for the September quarter 2013 will focus primarily on upgrading areas of Inferred reserve to Proven/Probable status.

2013 Drilling Program

NHO completed an application for an exploration drilling licence on the Long Canyon LBA Tract. Securing the licence will allow the Company to complete drilling activities on the Tract before a competitive lease sale is held, avoiding potential delays to the program.

The 2013 exploration program will drill and core 12 holes. The area has been extensively drilled, with historical drilling data meeting JORC standards for Measured & Indicated Resource definition. New drilling will provide seam quality data, required to convert Inferred reserves to Proven/Probable. NHO and JT Boyd expect that data from the upcoming drilling program will reclassify reserve areas currently defined as Inferred Reserve to be reclassified as proven/probable. This will confirm the reserve base for the Kinney Coal Project and allow the BFS to define a mine life in excess of 20 years at 2.0MTPA.

Share Placement

On 11 February, NHO completed a placement of 17,875,000 shares at AUD \$0.08, raising \$1,430,000 of additional capital. The share placement provides working capital to the Company and will allow NHO to move forward with the BFS and 2013 drilling program. A further placement of 7,125,000 shares at AUD \$0.08 to raise \$570,000 will be completed in April 2013, following the approval of shareholders for Directors to participate.

Dry Canyon

NHO completed due diligence on the Dry Canyon LBA in Utah, USA, submitted in February 2012. Based on evaluations by two independent consultants, the 2,200 hectare Federal tract did not prove to be a feasible acquisition as of the March 2013 lease sale date. The competitive auction yielded no bids on the property, and NHO will continue to monitor the tract as potential future acquisition.

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