



ASX:NHO 30 April 2014

Directors & Management**Gary Steinepreis**
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Non Executive Director**Registered Office**Level 1, 33 Ord Street
West Perth WA 6005
Australia
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admin@newhorizonminerals.com.au**ACTIVITIES REPORT
FOR THE QUARTER ENDED 31 MARCH 2014**

The Board of Directors of New Horizon Coal Ltd (ASX: **NHO**, “the **Company**”) is pleased to provide a summary of activities undertaken on the Kinney Coal Project, Utah, USA during the quarter ending 31 March 2014.

Highlights for the March Quarter:

- **Restructured the Kinney Coal Project APA, saving US\$9 million**
- **Advanced financing discussions with multiple prospective investors**
- **Continued refining port, logistics and marketing strategies**
- **Advanced negotiations for off-take supply agreements**
- **Continued work on the Kinney Coal Project Bankable Feasibility Study (“BFS”) to further reduce project CAPEX**

Upcoming Milestones:

- **Complete financing discussions**
- **Complete acquisition of the Long Canyon LBA**
- **Continue investigating CAPEX reduction opportunities**
- **Determine optimal export and blending off-take options**
- **Investigate additional Pacific coast port options**

Asset Purchase Agreement Restructuring

The Company successfully restructured its Asset Purchase Agreement (APA) for the Kinney Coal Project. The amended note reduced outstanding principal payments from US\$15 million to US\$6 million – **a savings of US\$9 million**. Savings were enhanced by extending the remaining principal into a series of promissory notes payable in US\$1 million annual instalments.

The original purchase price of the project was US\$25 million. NHO paid US\$7 million upon closing and a scheduled US\$3 million payment in May 2012. The balance of US\$15 million was payable on the completion of a bankable feasibility study (BFS), which is currently awaiting completion, or three years from closing.

The restructured APA reduces the outstanding principal of US\$15 million to US\$6 million, removes the requirement for payments to be made upon completion of a BFS and breaks the outstanding balance into installments through a series of promissory notes. US\$1 million is due on 30 November 2014, US\$1 million on 31 March 2015, and then an annual minimum payment of US\$1 million is payable from 30 November 2015 until the promissory notes are repaid in full.

Restructuring the APA reflects changes in the thermal coal market since the Kinney Coal Project was purchased. Management is confident that by aligning the purchase price with current thermal coal asset prices, the Company will better position itself to secure project financing and enter into production.



Financing Progress

The Company has entered advanced discussions with several prospective investors to sell both equity and off-take/marketing interests in the Kinney Coal Project. This near-term financing provides the necessary capital to complete the Bankable Feasibility Study (**BFS**) and a partner for project finance. The Company is engaging with value-added partners who can supply capital as well as expertise in marketing and logistics. Completion of the financing will allow NHO to complete the BFS as well as achieve several crucial milestones for the Kinney Coal Project:

Long Canyon LBA acquisition

NHO recently completed due diligence for the acquisition of 55.8 million tonnes of JORC-compliant Resource (49.6% measured & indicated) located adjacent to the Kinney Coal Project. The Long Canyon lease will acquire the mineral rights, owned by the US Federal Government and managed by the Bureau of Land Management (BLM), by way of a Lease by Application (LBA). The Company expects the LBA auction and acquisition to be completed in the **second half of 2014**.

Acquiring the Long Canyon tract will enable the Company to control the entire Kinney Coal Project Reserve outlined in the Pre-Feasibility Study (**PFS**). It marks the final acquisition required to complete the BFS and commence production at the Project. The Reserve from the Long Canyon LBA was included by John T Boyd Company (**JT Boyd**) in the November 2012 PFS based on: (1) NHO's advanced state of application for the Tract; (2) NHO's control of key access points from the north and west; and (3) limited and costly logical entry points from areas not controlled by NHO.

Additional Exploration Drilling

The 2014 drilling program, for which the Company has finalized necessary access rights and licenses, will focus on the Long Canyon LBA following its acquisition. Previous drilling campaigns and the PFS have effectively characterised coal deposition and thickness over the tract. Additional drilling will provide necessary quality data to upgrade portions of its JORC-compliant Resource to marketable Reserve for the BFS.

Marketing, Logistics & Off-Take

NHO continues to evaluate its options for both marketing and logistics providers. In addition to existing port capacity outlined in the PFS, the Company has been exploring Pacific coast options to provide ready access to the Asian thermal coal market. Discussions with several US ports are in progress and will continue in the March quarter.

Bankable Feasibility Study

The Company continues to evaluate potential CAPEX reductions as part of the BFS. These reductions include phased development and use of alternative infrastructure, including existing rail loadout facilities.

Enquiries

New Horizon Coal Ltd

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About New Horizon Coal Ltd

New Horizon Coal (“**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**”), NHO acquired the Kinney Coal Project in late 2011. The Kinney Coal Project plan involves underground mining of two major coal seams using multiple, continuous miner sections in a room and pillar mining operation. Entry will be via an exposed coal seam outcrop within the already permitted area.

The Kinney Coal Project is a fully permitted thermal coal project located in Utah, USA. The Project is located in a mature mining region which has historically produced more than 30 million tonnes of coal annually. The Kinney Coal Project benefits from world-class infrastructure including three class-1 rail carriers within 30km of the proposed portal, paved roads and state highway maintenance facility directly adjacent to the mine, and an experienced local workforce. Its location provides access to the domestic utility market, with six power stations located in the vicinity of the mine, and to export markets. NHO has also secured a 3Mtpa port allocation with Texas Deepwater Industrial Port in Houston, Texas and is currently engaged in off-take discussions with multiple traders and end users for domestic and export supply agreements.

For more information about New Horizon Coal, visit our website: www.newhorizoncoal.com.au

JORC Resource (thousands tonnes)

	Measured	Indicated	Inferred	Total
Kinney Coal Project	10,382	37,170	7,193	54,745
Long Canyon LBA	1,548	26,156	28,113	55,817
Total	11,930	63,326	35,306	110,562

Coal Quality (air dried basis)

Average In Situ Coal Quality	Hiawatha Seam	UP Seam
Moisture	4.02%	4.19%
Ash Content	10.20%	8.12%
Fixed Carbon	44.63%	46.51%
Volatile Matter	41.15%	41.18%
Total Sulphur	0.84%	0.75%
Calorific Value	6,765 kcal/kg	6,856 kcal/kg

Competent Person’s Statement

The information in this report that relates to coal resource estimate and underground mine plans was prepared in conjunction with the JT Boyd PFS and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Results were developed by a core team of JT Boyd professionals, including Messrs. John L. Weiss, Paul D. Anderson, and Ronald L. Lewis. Each of these individuals is a Registered Member of the Society of Mining, Metallurgical and Exploration (SME), and has sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the “Australian Code of Reporting of Exploration results, Mineral Resource and Ore Reserves”. JT Boyd consents to the inclusion of information prepared by JT Boyd in this report.

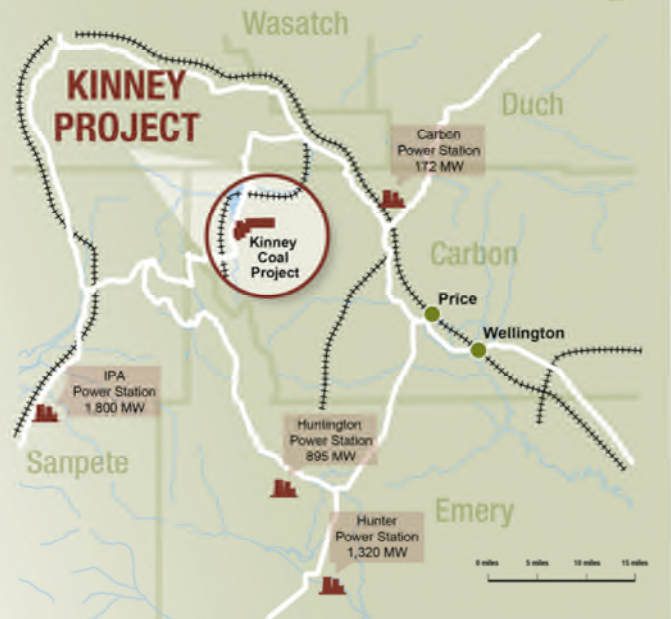
NEW HORIZON
Coal Ltd



Utah

**The Kinney Coal Project
is located in Utah USA.**

UTAH



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NEW HORIZON COAL LTD

ABN

61 143 932 110

Quarter ended ("current quarter")

31 MARCH 2014

Consolidated statement of cash flows

		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) administration	(17)	(157)
	(c) occupancy	(10)	(50)
	(d) corporate compliance	(6)	(29)
	(e) management services	(37)	(105)
	(f) audit services	-	(23)
	(g) employment on-costs	(4)	(14)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	7
1.5	Interest and other costs of finance paid		
1.6	Other (net GST activity - BAS)	(3)	2
1.7	Other		
	Net Operating Cash Flows	(76)	(369)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) exploration & evaluation capitalised	(98)	(384)
	(c) other fixed assets		
	(d) due diligence & transaction expenses		
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid to other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(98)	(384)
1.13	Total operating and investing cash flows (carried forward)	(174)	(753)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(174)	(753)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Cost of shares & options issued		
1.16	Proceeds from borrowings	-	22
1.17	Repayment of borrowings	-	(22)
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(174)	(753)
1.20a	Cash at beginning of quarter/year to date	296	875
1-20b	Cash acquired due to acquisition of prospect		
1.21	Exchange rate adjustments to item 1.20a		
1.22	Cash at end of quarter	122	122

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	85
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary, Super (Net after PAYG) and Fees paid to directors and/or director related entities	-	85
Payments are net of any applicable GST		

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	-
4.3 Production	-
4.4 Administration	40
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	122	296
5.2 Deposits at call	-	-
5.3 Term deposit (USD account)	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	122	296

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Performance shares	Class B 10,000,000	-	-	-
	Class C 10,000,000	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	118,000,000	118,000,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	78,500,000	78,500,000	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31/12/2014
	5,000,000	-	\$0.50	30/11/2016
	5,500,000	-	\$0.30	26/04/2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Gary Steinepreis
Director
April 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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