



ASX: NHO

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admin@newhorizonminerals.com.au**NEW HORIZON COAL SAVES US\$9 MILLION FOLLOWING
AGREEMENT RESTRUCTURE**

New Horizon Coal Ltd (ASX: **NHO**, “the **Company**”) is pleased to advise it has restructured its Asset Purchase Agreement (APA) for the Kinney Coal Project in Utah, USA. The renegotiated APA will reduce the total purchase price of the property from US\$25 million to **US\$16 million** and reduce outstanding payments from US\$15 million to **US\$6 million**.

NHO Managing Director Michael Placha described the APA restructuring as a critical step forward in the Company’s development of the Kinney Coal Project: “The revised purchase price better reflects the current state of thermal coal markets.

“Our renegotiation of the APA allows the Company to continue adding value to the Kinney Coal Project. It better positions us to secure project financing and move the project into production.”

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. If the promissory notes are not redeemed, the APA provides for the project to be transferred back to the vendor in full satisfaction of any obligations under the APA.

The revised APA reflects changing conditions in the thermal coal market. In addition to reducing the amount payable under the APA, the Company has addressed market conditions with a CAPEX reduction program. Under this program, NHO has evaluated using existing facilities in lieu of new ones, employing contract miners, and operating used or leased equipment. Management has identified material CAPEX reductions that will be evaluated in detail in the BFS.

Financing Progress

The Company is continuing its discussions with several prospective investors to sell both equity and off-take/marketing rights in the Kinney Coal Project. This would provide necessary capital to complete the BFS and provide 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 achieve several crucial milestones for the Kinney Coal Project.

**Long Canyon LBA acquisition**

NHO recently completed due diligence for the acquisition of land located adjacent to the Kinney Coal Project, known as the Long Canyon LBA. The mineral rights are owned by the US Federal Government and managed by the Bureau of Land Management (**BLM**). The Company expects the sale and acquisition to be completed **by mid-2014**.

Acquiring the Long Canyon LBA will provide the Company with control of 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 Kinney. 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.

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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.

