



ASX:NHO

30 October 2013

Directors & Management

Gary Steinepreis
Non Executive Chairman

Michael Placha
Managing Director

Carl Coward
Non Executive Director

Mark Sanders
Non Executive Director

Investment Highlights

High quality fully permitted thermal coal project

Experienced and proven management team

20 year mine life | 2 Mtpa | High margin project

Existing logistics with spare capacity

Port allocation secured

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ACTIVITIES REPORT**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

The Board of Directors of New Horizon Coal Ltd (ASX: **NHO**, the **Company**) is pleased to provide a summary of activities undertaken during the quarter ending 30 September 2013.

Highlights for the September Quarter:

- Completed due diligence for the acquisition of Federal coal leases adjacent to the Kinney Coal Project
- Furthered financing discussions with prospective stakeholders
- 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 acquisition of the Long Canyon LBA tract
- Complete drilling program following acquisition of the tract
- Continue evaluation and selection of key CAPEX reductions
- Determine optimal export and blending off-take options
- Investigate additional Pacific coast port options

Long Canyon LBA

The Company has completed required due diligence for the acquisition of Federal mineral rights located adjacent to the Kinney Coal Project. NHO made application for the Tract in February 2012. The coal mineral rights are owned by the United States Federal Government and managed by the Bureau of Land Management (**BLM**). The Tract is JORC-compliant with a Resource of 55.8 million tonnes, of which 49.6% is measured and indicated. Regulatory work to commence drilling of this tract has been completed allowing NHO to commence exploration immediately following its acquisition.

Approval by the BLM allows the Tract to move forward to a public lease sale. The Company expects the sale and acquisition to be completed in the first quarter of 2014.

Acquiring the Long Canyon LBA will provide the Company with control of the entire Kinney Coal Project Reserve outlined in the Prefeasibility Study (**PFS**). It marks the final acquisition required to complete the Bankable Feasibility Study (**BFS**) and commence production at the Project. The Reserve from the Long Canyon LBA was included as a logical mining unit 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.

**Financing and Off-Take Discussions**

NHO has advanced discussions with several prospective stakeholders to acquire both equity and off-take interests in the Project. The Company continues to evaluate deal structures and anticipates securing a near-term deal that will provide financing to complete the BFS and move the Project towards initial production.

In conjunction with financing discussions, NHO has pursued discussions with multiple off-take partners. The Company is currently evaluating both standalone off-take agreements and supply agreements tied to financing the Kinney Coal Project.

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**”), the Kinney Coal Project was acquired 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 3 Mtpa port allocation with Texas Deepwater Industrial Port in Houston, Texas and is currently engaged in offtake discussions with multiple traders and end users for domestic and export supply agreements.

With a JORC Resource of over 110 million tonnes and average coal quality of over 6,800 kcal/kg and under 0.8% sulphur, the Kinney Coal Project is well positioned to meet demand for coal in the US domestic and export markets with a high heat, low sulphur product. The Prefeasibility Study, confirming the Project’s technical and economic viability, was completed by John T Boyd Company (“**JT Boyd**”) in November 2012. NHO has engaged JT Boyd to complete the Bankable Feasibility Study, with completion expected by the end of 2013.

JORC Resource (thousands)

	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. 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 2004 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

