

ASX:NHO**Released: 24 November 2014****Directors & Management**

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ADDENDUM TO ANNUAL REPORT

The Board of Directors of New Horizon Coal Ltd (ASX: **NHO**, “the **Company**”) provides this addendum to the Annual Report for the Kinney Coal Project (the **Project**), Utah, USA.

Mineral Resources Statement

Attached is the mineral resources statement. Please note the project risk noted below.

Project risk

Pursuant to the terms of the revised Asset Purchase Agreement (**APA**) for the Kinney Coal Project as announced on 31 March 2014, the Company must meet various payment obligations through a series of promissory notes with 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 sum total US\$ 6 million of promissory notes are repaid in full.

There is a risk that, if the Company cannot meet its obligations under the APA or successfully renegotiate the APA, the Company may lose its rights to the Kinney Coal Project. 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 Company is using its best endeavours to meet and satisfy its obligations pursuant to the acquisition of the Kinney Coal Project as it continues its efforts to secure a partner for investment in the Kinney Project.

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.

**Statement of Governance Arrangements and Internal Controls**

Governance of the Company's mineral resources and management activities is the responsibility of the Managing Director who oversee the review and technical evaluation work with the appointed consultants. There is a focus on quality assurance and quality control protocols covering all aspects of the work process.

A three-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines.
2. Resources and reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes.
3. Internal assessment of compliance and data veracity.

The objectives of the process is to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources.

The Company reports its mineral resources on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2004 and the 2012, where the results have materially changed.