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Investor Update May 2012

The Board of New Horizon Coal Limited (NHO or Company) is pleased to provide an investor update for the Kinney Coal Project.

Highlights

- NHO is well underway with its pre-feasibility study. The study is being undertaken by John T Boyd Company (JT Boyd), one of North America's premier coal consultants.
- The Company will be commencing a drilling program during the fourth quarter FY 2012 to expand the coal quality database.
- Negotiations with key logistics partners are progressing, and the Company is continuing these negotiations.
- NHO has made application for approximately 2,250 hectares of adjacent federal tenements with a target mineralisation of 30-35 million tonnes similar in quality to the Kinney Project. Successful completion of this application will more than double the current JORC resource.
- New projects are being evaluated which will help establish the Company as a mid-tier North American-focused coal company.

Pre-Feasibility Study

NHO has recently contracted JT Boyd, one of North America's premier coal consultants, to commence the pre-feasibility study (PFS) on the Kinney Coal Mine. The PFS will give the investment community its first independent view on the Kinney Coal Project economics. Management believes it will demonstrate robust economics and support potential for a 2 million tonne per annum coal operation at the Kinney Coal Project.

In addition, NHO has also engaged Taggart Global to work alongside JT Boyd in preparing design, capital and operating cost related to coal handling, processing and load out facilities for the Kinney Coal Project.

The PFS is expected to be completed during the first quarter of FY 2013 and will focus on:

- Annual Production
- Coal Reserves
- Coal Quality
- Mine Planning, Scheduling and Sequencing
- Transportation and Market Price Forecast
- Infrastructure, Transport and Logistics
- Capital and Operation Cost Estimates

Drilling Program

NHO will commence a drilling program during the fourth quarter of FY 2012 which will be focused on giving the Company additional, detailed coal quality to support its marketing efforts of the Hiawatha Seam, the main seam, as well as the UP Seam. The Company envisages that this will be a 3 month drilling campaign.

Federal Mineral Lease Application

NHO has submitted a Lease-by-Application (LBA) to the US Bureau of Land Management (BLM) to acquire approximately 2,250 hectares of additional coal bearing land, which lies adjacent to the 2,100 hectares the company currently controls. An independent consultant has estimated a target mineralisation of 30-35 million tonnes, which will more than double the Company's current coal JORC resource. The BLM land contains the same seams (Hiawatha and UP) that are located on the Kinney Coal Project. It is expected that the LBA will be completed in calendar year 2013.

Logistics – Rail

NHO has been in discussions with two of the three major rail providers in the western US servicing the Utah coalfields. NHO has optimal logistics at the Kinney Coal Project: a spur line runs directly outside of the property; and a main line, serviced by three Class I rail carriers, is located only 29km from the proposed portal. A potential load out facility at this site would give the Company its choice of rail providers providing greater flexibility and more competitive pricing. NHO is aiming to finalise the rail logistics by the end of calendar year 2012.

Logistics – Port

The Company is in advanced discussions with several ports on the Pacific coast and Gulf of Mexico. NHO provides an attractive alternative for the ports because of its high quality coal, suitable as a standalone product for export or for blending with lower-heat coals; it is therefore likely last type of coal to fall off the demand curve. NHO is looking to secure an initial port MOU by the time the Company releases its PFS.

North American Road Show

The Company has recently commenced a North American road show to introduce the Kinney Coal Project to the local investment community. The Company believes that moving forward some of the major funding will come from US-based investors. The Company has also commenced talks with North American coal executives to potentially join the NHO Board.

Managing Director, Michael Placha's comments:

"I am extremely pleased with how the Company is moving forward. The Kinney Coal Project is a uniquely high quality thermal coal, which is increasing in demand from both export and domestic coal markets. The Company continues on its path of building the foundations of becoming a North America focused mid-tier coal company."

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NEW HORIZON COAL LTD OVERVIEW

Kinney Coal Project

Introduction

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 which 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 30km 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.

JORC Resource

During the March Quarter, NHO released the initial JORC Resource report. Highlights of the JORC Resource Report include:

- Underground, mineable resource of 26.1Mt
- 92% of the Resource in the Measured and Indicated Category
- Indicative coal quality of a high calorific, bituminous coal
- JORC Resource defined within two (2) months of NHO's acquisition of the Kinney Coal Project

KINNEY PROPERTY JORC RESOURCE (METRIC)				
(million tonnes)				
Seam	Measured	Indicated	Inferred	Total
Hiawatha Seam	9.0	7.2	2.0	18.2
UP Seam	3.3	4.4	0.2	7.9
Total	12.3	11.6	2.2	26.1
Resource Estimate per JORC criteria				

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results, is based on information compiled by Mr James Kohler, who is a Registered Member of the Society of Mining, Metallurgy and Exploration (SME) and independent consultant to the Company. Mr Kohler is an Associate of Behre Dolbear & Company (USA), Inc and has over 35 years of exploration and mining experience in a wide variety of mineral deposit styles including coal. Mr Kohler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kohler consents to the inclusion in the presentation of this information in the form and context in which it appears.

FIGURE 1: OVERVIEW OF UTAH COAL INDUSTRY

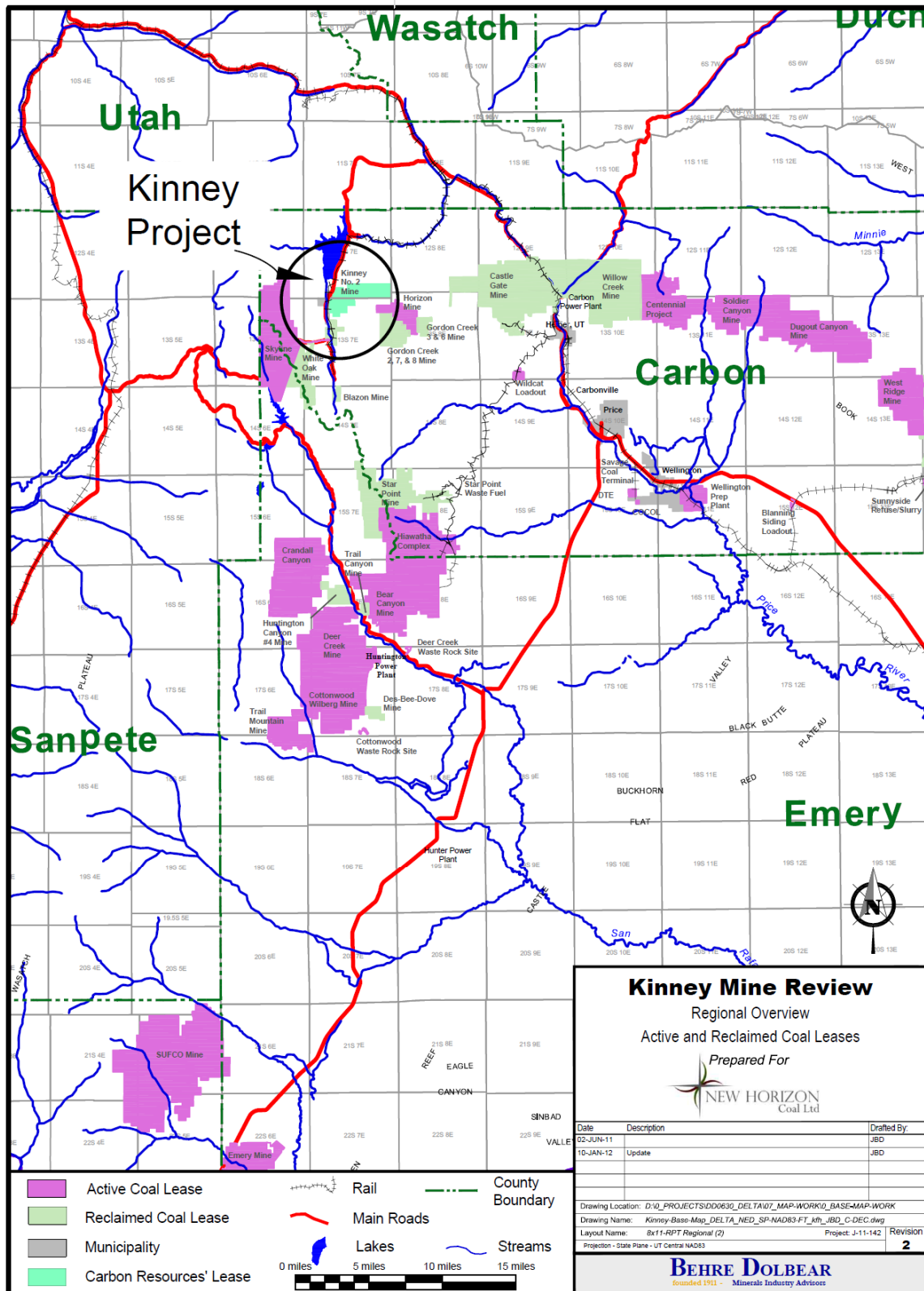


FIGURE 2: GEOLOGIC CROSS SECTION OF KINNEY COAL PROJECT

