NEW HORIZON
Coal Ltd
ABN 61 143 932 110

Level 1, 33 Ord Street
West Perth, WA 6005
Australia

1 July 2013

Dear Shareholder,

As you are aware, our share price has not met market expectations over recent months, in spite of our fully permitted property, positive results from the Kinney Coal Project Pre-Feasibility Study (PFS), and Buy recommendations from analysts. To respond to changing market conditions, the Board and Management have outlined several steps to focus the company's resources on completing the Bankable Feasibility Study (BFS) and moving forward towards production at the Kinney Coal Project. The Management Team is in active discussions with potential project financing partners, and the company remains committed to completing the BFS and commencing production in CY 2014.

The Company has been actively pursuing financing for the Kinney Coal Project through a corporate advisory relationship with Headwaters MB. The revised capital schedule will allow the company to seek a combination of bridge and project financing, rather than bridge financing alone. NHO has made positive steps towards securing this financing and will consider both investments in NHO and in the Kinney Coal Project.

Initial discussions regarding project financing were based on the path to production outlined in the PFS. In response to changing market conditions since the release of the PFS, our management team has addressed the difficult financing environment by revising the path to production to emphasize earlier cash flow and lower initial development costs.

We have released a revised path to production that would defer extensive capital expenditures in favour of a phased development. Doing so will allow NHO to achieve cash flow sooner and to develop markets prior to reaching full production. Under this scenario, capital to reach initial production will be reduced by more than 60%, from the US $63 million projected in the PFS to $23 million.

The Kinney Coal Project remains a valuable, fully permitted thermal coal asset, with an extensive reserve of high calorific, low sulphur coal suitable to both domestic and export markets. The project will be able to produce 2 million tonnes per annum run of mine product over a mine life of 20 years. The alternatives and deferrals discussed above will not impinge on NHO's ability to reach the stated maximum production, and it will allow the company to develop markets for the product and secure cash flow with less capital expended.

As you are aware, conditions remain difficult in the resources sector. The Board and Management of NHO are committed to developing the Kinney Coal Project in a rapid but responsible manner that meets the objectives of shareholders. We remain confident that the Kinney Coal Project's superior coal quality, advanced permitting status, and defined logistics to export markets will lead to the Project's success. As such, the Company continues to move forward on its path to securing offtake agreements and completing the BFS as it seeks a project finance partner.

We understand you may have further questions about the company and your investment. Please feel free to contact me at the phone number or email address below.

Regards,

Michael F. Placha
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