

New Hope Corporation Limited

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ASX & Media Release

20 September 2011

Record export coal sales and equity sales drive \$503 million 2011 NPAT, up 174%

Key highlights:

- \$503.1 million NPAT, up 174% year-on-year, driven by record export coal sales and sale of Arrow Energy shares and 10% of Lenton Project Equity.
- Record export sales of 5.0 million tonnes, despite 11 week flood-related rail outage and the Japanese earthquake and tsunami.
- Arrow Energy asset sale netted \$329.4 million NPAT; Lenton 10% equity sale netted \$40.3 million NPAT
- Acquisition of 80.8% interest in Northern Energy Corporation in March 2011 (currently with more than 98% equity as of early September, following the second off-market share offer on 29th August due to close on 13 October 2011).
- Profit excluding non-recurring items down 20% to \$146.9 million, from \$183.8 in the previous corresponding period, due to significant weather impacts
- Increased JORC resources by 56% from 980 million tonnes to 1529 million tonnes.
- New Hope's current expansion projects at Acland and Queensland Bulk Handling are fully operational.
- FY2012 coal production guidance steady at about 6.0 million tonnes.
- Colton coking coal development project scheduled for end calendar 2013 commissioning.
- Plans to double coal production over next 5-7 years, subject to Government approvals and regulations
- Final dividend of 5.0 cents per share and a special dividend of 15.0 cents per share declared for 2011.

Diversified energy company New Hope Corporation Limited (ASX: NHC) announces a \$503.1 million net profit after tax (NPAT), including non-recurring items of \$356.2 million, driven by record export coal sales and asset divestments.

Excluding non-recurring items, the NPAT result was \$146.9 million, including \$76.9 million operating profit and \$70.0 million earned from investments, and was in line with guidance provided by the company. This represents a 20% decrease from the previous year's \$183.8 million (FY2010: \$112.6 million operating profit and \$71.2 million from investments), as a result of significant weather impacts during the year.

Basic earnings per share for the 2011 year were 16.1 cents per share compared with 22.3 cents per share earned in 2010.

Directors have declared a final dividend of 5.0 cents per share (4.5 cents in 2010) and a special dividend of 15.0 cents per share (14 cents per share in 2010). These dividends will be fully franked and payable on 8 November 2011 to shareholders registered as at 24 October 2011.

Coal exports of 5.0 million tonnes set a new record for New Hope, despite the well publicised rain and flood impacts in South East Queensland causing an 11-week rail outage for the Acland operations. Some Acland coal was road hauled to the Jeebropilly rail loading facility.

The sales recovery has been a pleasing outcome of the well integrated planning between New Hope and Queensland Rail. The recovery also provided an operational test of the expanded QBH facilities which successfully loaded ships at the rate of more than 9.0 MTPA for the last two months of the year.

The current expansion projects at Acland and Queensland Bulk Handling (QBH) are fully operational with Acland already achieving its rated capacity of 4.8 MTPA. The QBH expansion takes the nominal capacity of the facilities to a rating of 10.0 MTPY. QBH loaded 88 ships for 6.52 million tonnes during the year despite the rail outage.

New Hope Managing Director, Robert Neale, said: *"The full year earnings had been impacted by a mix of issues including a record high Australian dollar that more than off-set improved export prices, weather and rail cost impacts on the Acland production, reduced interest earnings due to acquiring the Northern Energy equity."*

New Hope successfully acquired 80.8% of Northern Energy Corporation (a coal exploration and development company) with its first off-market offer for shares at \$1.85 per share in March 2011.

Subsequently, on 29 August 2011, New Hope made a second off-market offer for the remaining shares at a price of \$2.00 per share, which expires on 13 October 2011. Currently, New Hope has more than 98% of the total shares.

Mr Neale said: *"The Northern Energy acquisition (Colton, Elimatta, Yamala projects) together with our organic Acland expansion plans and the Lenton project development, provide an excellent development portfolio of future corporate expansion plans."*

"Subject to appropriate government and corporate approvals, we can envisage a doubling of production over the next five to seven years, which could consume our current excess cash reserves of about \$1.5 billion. We have commenced recruiting staff to support the planning and development of these projects."

As previously announced, New Hope has significantly increased its coal resources as shown in the table below:

COAL RESOURCES (million tonnes)				
	Inferred	Indicated	Measured	Total
Acland	10	435	410	855
Bee Creek	104	-	-	104
Jeebropilly (West Moreton)	11	72	48	131
Jimbour	38	119	-	157
Lenton	85	144	53	282
TOTAL	248	770	511	1529

This successful result represents a 56% increase in total coal resources for the year and is based on recent exploration drilling activities. Coal JORC reserves increased by 10% to 544 million tonnes. The main drilling targets for this coming year are Churchyard Creek and Bee Creek exploration projects. Drilling at Lenton continues, with recent drill intersections of coal not included in the above estimates. These New Hope resources figures do not include any of the NEC JORC resources.

Alternative Energy Activities

New Hope's carbon-to-energy and coal-to-liquids programmes have made steady progress. The manufacturing of a "Proof of Concept" plant has commenced in USA and is scheduled for commissioning in July 2012 at New Hope's Petroleum Facilities licensed area at our Jeebropilly mine. This one tonne per hour plant uses an indirect method of gasifying the coal followed by liquefaction into diesel products. The process produces rather than consumes water and has a low carbon footprint.

New Hope continues to advance its strategic position of being a successful, diversified energy company with interests in coal exploration, project development, production, coal handling and export ship loading. Additionally, the company continues to advance its alternative energy projects and holding strategic investments in other energy companies.

Outlook

New Hope's key strategic focus over the next five years will be to continue to develop its portfolio of coal projects and energy technologies.

The company will continue to assess acquisition opportunities provided that they:

- Have greater value than existing New Hope assets;
- Are suitable replacements for future undeveloped projects; and,
- Are compatible modest investments in the broader energy sector.

JORC Declaration

The estimates of coal resources herein have been prepared in accordance with the guidelines of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code". *These resources are inclusive of the reserves reported in the reserves statement.* The work has been undertaken internally by NHC and reviewed by Mr Phillip Bryant, Project Manager New Lenton NHC and Member of AusIMM (no. 210566). Mr Bryant 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 JORC Code.

Mr Bryant consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this Coal Reserves Statement that related to coal reserves is based on information compiled by Dr Warren Seib, who is Follow of AusIMM. Dr Seib is a full time employee of the company. Dr Seib 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 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr Seib consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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