

# New Hope Corporation Limited

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## ASX & Media Release

20 March 2012

### Higher Coal Production and Exports Drive 25% Increase in First-Half Net Profit from Operations in 2012

#### Key Highlights:

- \$101.1 million net profit after tax (NPAT) from operations in 1H 2012, up 25% on year-earlier operating result, driven by higher production, exports and export prices in US dollar terms.
- Increased production volumes of 3.2 million tonnes during the half (2.8 million tonnes in 1H 2011).
- Higher export sales of 2.9 million tonnes (2.7 million tonnes in 1H 2011).
- First-half result compares with year-earlier NPAT of \$407.4 million, which included a non-recurring gain from the sale of Arrow Energy shares.
- Well positioned to deliver on growth with low cost of production, significant development pipeline, and strong balance sheet including \$1.4 billion of cash.
- Successful acquisition of remaining 19.2% of Northern Energy; integration programs initiated to improve effectiveness of profit delivery.
- Increased JORC resources by 20% to 2,498 million tonnes following increase in resources at Lenton.
- Formal process for potential bidders terminated; Board and management remain focused on delivering growth and shareholder value.
- Interim dividend of 6 cents per share declared, fully franked.

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Diversified energy company New Hope Corporation Limited (ASX: NHC) announces a net profit after tax (NPAT) from operations of \$101.1 million in the six months ended 31<sup>st</sup> January 2012, driven by increased production and exports, and higher export prices in US dollar terms. The first-half result is 25% higher than the operating result from the previous corresponding period of \$81.1 million.

Including a non-recurring gain of \$326.3 million in 1H 2011 from the sale of shares in Arrow Energy, first-half NPAT was 75% lower than the \$407.4 million reported for the year-earlier period. Revenue from continuing operations rose to \$388.5 million, from \$336.2 million a year earlier.

Basic earnings per share for the first half, excluding non-recurring items, were 12.2 cents per share, compared with 9.8 cents per share in the year-earlier period.

Directors have declared an interim dividend of 6 cents per share (5.25 cents in H1 2011) This dividend will be fully franked and payable on 2<sup>nd</sup> May 2012, to shareholders registered at 17<sup>th</sup> April 2012.

A strong operational performance was achieved in both quarters of the half, and across all of New Hope's mining and port operations. This performance more than offset the impact of increased costs of transportation and production and an adverse AUD:USD exchange rate.

Coal production volumes increased to 3.2 million tonnes in the six months ended 31<sup>st</sup> January, up from 2.8 million tonnes a year earlier when operations were effected by heavy rain and floods. Export sales rose 6.1% to 2.9 million tonnes, from 2.7 million tonnes a year earlier.

Clean coal production increased from New Acland and the West Moreton mines, while throughput at the Queensland Bulk Handling (QBH) port operations increased significantly, with QBH remaining essentially demurrage free.

New Hope Managing Director, Robert Neale, said:

*"Interim earnings benefited from a strong operational performance across the portfolio, with an increase in production and exports coinciding with higher US dollar coal prices. New Hope remains focused on delivering returns to shareholders from effective management of our existing assets, as well as delivering on growth. With \$1.4 billion of cash on the balance sheet, we remain well funded to deliver on the potential within our development pipeline that spans thermal and coking coal, as well as alternative energies."*

## Development Projects and Exploration

During the half, New Hope continued to progress plans to double coal production over the next five to seven years, subject to Government approvals and regulations. This strategy is well funded by New Hope's strong balance sheet, and the company has a significant pipeline of growth projects, including New Acland Stage 3, New Lenton and Elimatta.

During the half, New Hope successfully acquired the remaining 19.2% of Northern Energy for \$50.2 million. Various integration programs have now been initiated to improve the efficiency and cost effectiveness of project delivery.

JORC-compliant resources increased by 20% during the half to 2,498 million tonnes, from 2,087 million tonnes due to an increase in the resource base at Lenton with exploration activities confirming an additional 387 million tonnes of inferred resources, primarily the result of intersecting the Girrah seams in the southwest corner of the tenements.

## New Hope JORC Resources (million tonnes)

Deposit	Inferred	Indicated	Measured	Total
New Acland*	10	435	410	855
Jandowae*	38	119	-	157
West Moreton*	11	72	48	131
Lenton*** ^	472	146	75	693
Bee Creek*	104	-	-	104
Elimatta**	50	101	108	259
Yamala** #	187	23	13	223
Maryborough**	60	16	-	76
<b>Total</b>	<b>932</b>	<b>912</b>	<b>654</b>	<b>2,498</b>

\* As of 31 March 2011 – depletion as a result of mining has not been calculated in the 9 months to January 2012

\*\* As of 31 October 2011

\*\*\* As of March 2012

^ Figures shown are 100% of total resources. New Hope share is 90%.

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## Alternative Energy Activities

New Hope's carbon-to-energy and coal-to-liquids programs continue to progress on schedule. In the US, manufacture of the ACT "Proof of Concept" indirect coal conversion plant is well advanced with delivery to the site at Jeebropilly in Queensland anticipated for the first quarter of New Hope's 2013 financial year.

Also in the US, testing of various feedstocks for the Quantex direct liquefaction technology continues in West Virginia with positive results. The design for the next generation and scaled up continuous unit is well underway and scheduled for operation in the second half of calendar 2012.

## Corporate

New Hope's key strategic focus over the next five years continues to be to develop its portfolio of coal projects and energy technologies, while maintaining a focus on operational excellence and safety performance.

On 5th October 2011, New Hope announced that in response to a number of preliminary and incomplete proposals from third parties relating to potential change of control transactions, the Board had decided to undertake a formal process to determine whether a proposal for New Hope was available at a price, and on terms, that were in the best interest of all New Hope shareholders.

Through to 29 February 2012, a number of third parties were undertaking due diligence on New Hope. Discussions with those parties did not produce a definitive proposal which appropriately reflects New Hope's strategic value and growth prospects and therefore the process was terminated.

With the conclusion of this process, New Hope continues to focus on its strategy to grow the company and to create shareholder value. The Board of New Hope remains confident in the company's robust development pipeline and in the ability of management to deliver on that strategy.

## Outlook

Strong operational performance has continued into the current half, however benchmark contract prices for thermal coal are currently under negotiation in Japan and the outcome of these negotiations may affect the company's second-half profitability, along with changes in the AUD:USD exchange rate. Demand for thermal coal within Asia remains firm with Japan considering the future of nuclear power and the costs of domestic Chinese supply increasing.

Despite the volume of media attention given to new coal mine projects it is a fact that only two new greenfield coal mines have been developed in Queensland since 2007. The high capital cost of new mines and associated infrastructure in combination with delays in approval processes is dramatically increasing the cost of new supply. More importantly, the timetable of any new coal mine development is under pressure from intensified approval processes and any new supply may not be as forthcoming as has been predicted.

New Hope continues to monitor these trends for any potential impact on its own asset portfolio, however the company believes it remains well positioned to grow due to its low cost of production, strong balance sheet and project pipeline.

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For further information, please contact:

### Investors/Analysts

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### Media

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### JORC Declaration

The estimates of coal resources herein (except for Maryborough) 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 and externally 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.

### JORC Declaration - Maryborough

The estimates of coal resources for Maryborough 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 externally and reviewed by Mr Lyndon Pass of Encompass Mining and Member of AusIMM (no. 208403). Mr Pass 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 Pass consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.