

New Hope Corporation Limited

ABN 38 010 653 844

Contact

Phone: +61 7 3418 0500

Fax: +61 7 3418 0355



Quarterly Activities Report 31 July 2013

	Quarter Ended			Year ended		
	Jul 13 ('000t)	Jul 12 ('000t)	Change (%)	Jul 13 ('000t)	Jul 12 ('000t)	Change (%)
Raw Coal Production	3,090	3,132	- 1%	11,405	12,340	- 8%
Saleable Coal Production	1,569	1,476	+ 6%	5,826	6,287	- 7%
Coal Sold	1,670	1,471	+ 14%	5,985	6,250	- 4%
QBH Export Throughput	2,475	2,161	+ 15%	8,725	8,726	-

COAL OPERATIONS

Production for the quarter exceeded the prior year comparative despite the impact of unseasonal wet weather. Production lost due to wet weather delays was offset by operational efficiencies and lower strip ratios. Production for the full year was 7% lower than the prior year due to the cessation of mining at Oakleigh in early 2013, and scaling back of the Jeebropilly operations in light of current market conditions.

The New Acland Coal Mine has responded well to cost reduction programs and continues to perform as a low cost Australian producer. However, despite the recent restructuring, implementation of cost reduction programs and an improving exchange rate, the smaller Jeebropilly mine continues to operate at a loss. At current margins, modelling suggests it is prudent to continue operating Jeebropilly at a loss in order to reduce the impact of fixed costs, and to undertake site rehabilitation in the most cost effective manner. This period will be a function of coal prices, foreign exchange rates and operating costs and will be closely monitored.

Sales for the quarter recovered well after a three week rail outage negatively impacted sales during the 3rd quarter. On a full year basis sales were down 4% which is reflective of the reduced production levels noted above, somewhat offset by a drawdown of coal inventory levels available from the start of the financial year.

QBH achieved record throughputs for the final quarter, with both inload and outload operations achieving nameplate capacity of 10 million tonnes per annum on an annualised

basis. Throughput for the year was on a par with 2012 despite the negative impacts incurred as a result of the three week rail outage in early 2013.

The company has completed the training phase of a behavioural safety change program during August. A total of 645 people attended the training, from senior executives to operational personnel and contractors. Work will now turn to embedding the core principles of the program across the organisation. Safety performance has significantly improved from this time last year, with an overall improvement of 47.5% in the group's total recordable injuries compared to the previous financial year.

EXPLORATION

During the quarter 33 holes were drilled (28 chip, 5 core) for a total of 7,312 meters (7,033 chip meters, 279 core meters). Activities were predominantly focussed at Bee Creek, with drilling also undertaken at Yamala and New Lenton.

New Acland (ML50216, ML50170 and MDL244)

No activity for the current quarter.

New Lenton (ML70337)

A core hole program is currently underway in order to gain a better understanding of coal quality within the initial mining area and to improve understanding of the total resource.

2D and 3D seismic programs are also being undertaken to better delineate the Burton thrust fault and its intersection with the proposed end wall, and to assist with the interpretation of a complex seam repeat thrust zone.

Bee Creek (EPC 777)

A total of 19 chip holes were drilled during the quarter with numerous coal seams intersected. Geophysical signatures have confirmed the presence of the Moranbah coal measures at depth. Shallower Fort Cooper measures have also been encountered although samples indicate that these are lower quality seams with an average thickness of 0.25 meters.

Churchyard Creek (EPC 1876)

No activity for the current quarter.

Colton (EPC 1082)

Work is progressing on the database update (51% complete) and rehabilitation of drill holes (84% complete and ongoing).

Yamala (EPC 927)

Drilling has commenced with 6 of 7 pilot holes, 2 of 10 chip holes and 1 core hole completed to date. Flowing sands and puggy clays have made casing off the weathered zone difficult and this has resulted in 2 holes being abandoned.

Access and cultural clearances have been received for a further 18 drill sites over coming months.

Moonamarra (EPM 18589)

Three drill holes have been successfully completed which intersected some copper and zinc mineralisation. The mineralisation is not of a commercially viable grade but indicates that there was an active mineralisation system in the area. Further exploration is planned to test prospectivity of remaining targets.

All activity undertaken to date has been fully rehabilitated.

BUSINESS DEVELOPMENT**Coal-to-Liquids**

Construction of the gasification module of the Jeebropilly Proof of Concept plant is well advanced with safety and commissioning management plans now being finalised. Start up is planned for the end of the fourth quarter of calendar 2013.

Testing at the Quantex plant in West Virginia has identified processing issues which will necessitate a review of the originally proposed budget and work plan.

DEVELOPMENT PROJECTS**Colton Project**

Discussions continue with the Department of Environment and Heritage Protection on the Environmental Management Plan Assessment Report and the Draft Environmental Authority conditions.

Elimatta Project

Responses are being prepared to the public comments received on the Environmental Impact Statement. Further detailed work on the proposed relocation of Horse Creek has commenced.

New Acland

Detailed work on the Environmental Impact Statement continues on schedule, and is due for submission to the Coordinator-General in September 2013. Further geological, mining and engineering work has also been undertaken. Extensive community and stakeholder consultation has continued.

BRIDGEPORT ENERGY

Five of the six recently drilled development wells at Inland and Utopia came into production during the quarter, with oil production for the quarter totalling 20,550 barrels net to Bridgeport.

Planning has commenced for the next drill program of 5 wells and 3 optional wells, with drilling currently expected to commence in September 2013.

During the quarter Bridgeport acquired a 15% interest in the Cuisinier tenement from Arrow Energy which, at current rates will increase oil production by approximately 240 barrels of oil per day. The acquisition remains subject to final government approvals and transfer of title.

For further information, please contact:

Investors/Analysts

Robert Millner	Chairman, New Hope Corporation Limited	(02) 9232 7166
Robert Neale	Managing Director, New Hope Corporation Limited	(07) 3418 0500

Media

Lisa Backhouse	Manager of Corporate Affairs	(07) 3418 0522
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