



New Hope

Corporation Limited

A.B.N. 38 010 653 844

APPENDIX 4D

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INTERIM REPORT

31st JANUARY 2011

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Directors' annual report and financial statements for the year ended 31 July 2010 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

ASX Appendix 4D
for the half-year ended 31st January 2011

Results for announcement to the market

	31 January 2011 \$000	31 January 2010 \$000	% Change
Revenue from ordinary activities	336,210	367,922	- 8.6%
Profit before income tax (before non recurring items)	108,372	144,957	- 25.2%
Profit before income tax (after non recurring items)	574,564	144,957	+ 296.4%
Profit from ordinary activities after income tax attributable to New Hope Shareholders (before non recurring items)	81,059	111,582	- 27.4%
Net Profit attributable to New Hope shareholders (after non recurring items)	407,393	111,582	+ 265.1%

	31 January 2011 cents per share	31 January 2010 cents per share	% Change
Earnings per share (before non recurring items)	9.8	13.5	- 27.4%
Earnings per share (after non recurring items)	49.1	13.5	+ 263.7%
Interim dividend declared	5.25	5.00	+ 5.0%

	31 January 2011 cents per share	31 January 2010 cents per share	% Change
Net tangible asset backing per ordinary share	275.8	267.1	+ 3.3%

- Production steady at 2.8 million tonnes.
- Sales volume up 8.3% to 3.0 million tonnes.
- Lower sales revenue due to a higher AUD:USD exchange rate, resulting in lower export prices in AUD terms

Dividends

The Directors' have declared a dividend of 5.25 cents per share franked to 100% payable on 4th May 2011. The record date for the payment of the dividend is 15th April 2011. There is no dividend reinvestment plan in operation.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st January 2011

Your directors present their report on the consolidated entity consisting of New Hope Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31st January 2011.

Directors

The following persons were Directors of New Hope Corporation Limited during the whole of the half-year and up to the date of this report.

Mr R.D. Millner
Mr D.J. Fairfull
Mr P.R. Robinson
Mr D.C. Williamson
Mr W.H. Grant
Mr R.C. Neale

Consolidated Results	Jan 2011 \$000	Jan 2010 \$000	% Change
Revenue from operations	336,210	367,922	- 8.6%
Profit before income tax (before non recurring items)	108,372	144,957	- 25.2%
Profit before income tax (after non recurring items)	574,564	144,957	+ 296.4%
Profit from ordinary activities after income tax (before non recurring items)	81,059	111,582	- 27.4%
Profit attributable to New Hope shareholders (after non recurring items)	407,393	111,582	+ 265.1%
Basic earnings per share (cents)	49.1	13.5	+ 263.7%

Review of Operations

New Hope Corporation Limited (New Hope) has recorded a net profit after tax of \$407.4 million which includes a non-recurring gain from the sale of Arrow Energy of \$326.3 million. The net profit before non-recurring items was \$81.1 million, down 27% from \$111.6 million in the previous corresponding period.

Basic earnings per share (excluding non-recurring items) for the half year were 9.8 cents compared to 13.5 cents per share earned in the previous corresponding period.

Directors have declared an interim dividend of 5.25 cents per share, fully franked and payable on 4th May 2011 to shareholders registered at 15th April 2011.

Compared to the previous corresponding period, the result for the half year ended 31st January 2011 was impacted by:

- A higher AUD:USD exchange rate, resulting in lower export prices in AUD terms;
- Increasing costs of transportation;
- Lower interest income from treasury operations following the payment of special dividends and corporate tax; and,
- The impact of wet weather on production costs during December and January.

Partially offset by:

- Higher selling prices in USD terms; and
- Higher export sales volumes.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st January 2011

Mining Operations

Total clean coal production from New Hope's operations in the half year ended 31st January 2011 was 2.77 million tonnes. This was 2% lower than for the corresponding period last year. Production was negatively impacted by heavy rain in late 2010 and particularly in January 2011.

Total sales for the same period were 3.04 million tonnes. Despite the flooding and loss of the Western Rail Line in mid January 2011, this was 8% above that achieved for the same period in 2010. Export sales were 23% up at 2.74 million tonnes while domestic sales were 48% down at 0.3 million tonnes. This is as a result of a planned decrease in off take from CS Energy.

While the heavy rainfall in December 2010 and January 2011 had only limited impact on mine operations, the Western rail line between the New Acland Mine and Ipswich was severely damaged from flooding in mid January 2011 preventing the shipment of Acland coal. QR National called Force Majeure in late January and railing from New Acland has been curtailed for an approximate 2.5 month period. Railing is expected to resume in late March.

In response to the above situation, New Hope has rescheduled mining operations. This will result in increased production from the West Moreton operations (from where railing is possible). Truck haulage levels from New Acland have been increased. Shipping has been rescheduled as appropriate with Force Majeure called on some customers.

The revised full year sales forecast is highly dependent upon the resumption of railing from New Acland mine, but is expected to be in the range of 4.8 to 5.2 million tonnes.

New Acland Mine

The New Acland mine produced 2.25 million tonnes of clean coal in the first half ended 31st January 2011. This was 1% increase over production for the same period in the previous year.

Key activities at New Acland have included:

- Development of the mine into the South Pit;
- Introduction of increased levels of dozer push including the purchase of an additional dozer;
- Replacement of the tertiary sizer in No. 1 coal handling and preparation plant;
- Continuing negotiations on the new Employee Agreement;
- Completion of the design for a new environmental dam required for the forthcoming development into the Center Pit; and
- Progression of the Mining Lease expansion with grant expected in late 2011 / early 2012.

Despite the temporary loss of the Western Rail line the New Acland mine has continued to produce at full capacity, with resultant increases in in-pit, run of mine, and product inventories.

West Moreton Mines

The West Moreton operations comprising Jeebropilly and New Oakleigh, produced 0.52 million tonnes of clean coal in the first half ended 31st

Key activities at West Moreton operations included:

- Further development of both the Washplant and 7186 open cut pits at Jeebropilly; and
- Purchase of a replacement Cat 994 loader and 3 Cat 785 trucks (not yet commissioned)

The Jeebropilly mine was rescheduled as a result of reduced railings from the New Acland operation in order to maximise group production during the rail outage.

Queensland Bulk Handling

New Hope's 100% owned port Facility Queensland Bulk Handling located at the Port Of Brisbane continued to ship coal at high levels. Exported coal was 3.46 million tonnes for the first six months, up 6% compared to the same period in the previous year. QBH continues to be essentially demurrage free.

Key activities included:

- Completion of the Port expansion, under budget, in December 2010. This has increased the stockpile capacity from 377,000 to 909,000 tonnes;
- Completion of engineering upgrades to coal handling equipment; and
- Commencement of design and engineering for installation of a new sampler, upgrade of the ship loader and upgrade of electrical distribution systems.

QBH capacity has been impacted by reduced railings from all its customers due to the temporary closure of the Western rail line. This will remain the situation until the rail line reopens, expected in late March.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st January 2011

New Hope Exploration

New Hope's exploration strategy continues to include the evaluation of both open cut and underground coking coal resources in Central Queensland, open cut thermal coal in South East Queensland and evaluation of coals for conversion potential.

High rainfall and flooding in many exploration areas has negatively impacted exploration programs during the first half of 2010/11. A total of 13,784 metres of drilling was completed during the period.

New Lenton

Exploration focused on confirmation drilling in the 3D seismic area. 11,351 metres of chip drilling and 854 metres of core drilling were completed.

Preliminary results for the 3D seismic surveys were received during the period and, while some structural features are evident, the results indicate that conditions are conducive to open cut and/or underground mining. Plans for a further two stages of 3D seismic surveys, totalling 15.2 square kilometres, are in progress. Cultural Heritage surveys for block clearance for all exploration activities within these additional two 3D seismic areas commenced in the latter half of the period.

New Acland

Exploration activities included confirmatory drilling on the existing Mining Lease (359 metres of chip and 15 metres of core) as well as 1206 metres of chip drilling on MDL 244 (Project Expansion area). The geological model for New Acland was updated in September 2010.

West Moreton

No exploration activities were undertaken during the period.

New Projects

Key activities included:

- Grant of EPC 1876 (Churchyard, near Blackwater) in November 2011;
- Commencement of 212 gravity station surveys on EPM 18582;
- New Hope has 3 EPM applications and 1 EPC application awaiting approval; and
- Preparation for drilling on EL 44 (Rosevale) and EL 49 (York Plains) in Tasmania.

Land Development

Studies have been progressed regarding post mining land use at the West Moreton operations, Karalee and Chuwar sites. The intent is to where possible rehabilitate these properties to urban and industrial land use. Discussions with relevant state and local authorities are continuing.

Pastoral Operations

New Hope operates a pastoral operation (New Acland Pastoral) adjacent to the New Acland mine. This operation, covering some 6,600 hectares is used for grain growing as well as cattle production. While the operations were impacted by the unseasonably heavy rain in recent months, operations continue to expand with approximately 1000 head of cattle on site at the end of the period. Acland Pastoral is also assisting in the development of enhanced rehabilitation strategies at the mine.

Coal to Synfuels

During the period the company made significant progress on 2 separate technologies.

An initial 25% investment has been taken in Quantex Energy, a Canadian based company with interests in the research and development of direct liquefaction technologies. Subject to further technological and commercial viability New Hope has the option to increase its investment in Quantex up to 51% at agreed prices. The detailed design for a proof of concept (POC) unit is currently underway, with the unit likely to be built in Texas, USA.

In Australia, all necessary approvals have been received to construct a POC indirect liquefaction plant at the Jeebropilly mine site in South East Queensland which will process approximately 1 tonne of coal per hour. Orders were placed in March 2011 and commissioning is expected toward the end of the 2nd quarter of calendar 2012.

Northern Energy

Late in 2010 New Hope made an off market takeover offer for Northern Energy Limited (NEC), a company with various thermal and coking coal development projects in Queensland and New South Wales.

Subsequent to the end of the half year New Hope increased its offer to \$1.85 per NEC share, which resulted in the Directors of NEC recommending that shareholders accept New Hope's offer in the absence of a superior proposal. At the close of the offer on 9 March 2011, New Hope held approximately 80.8% of the equity in NEC.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st January 2011

Outlook

The result for the second half of 2011 will be negatively impacted by the unavailability of the Western Rail System and the flow on effect to export sales revenues from the New Acland mine. The company is working closely with QR to maximise railings once the line is re-opened and to minimise the impact on the 2011 full year result.

The financial impacts of the rail outage cannot yet be determined with a sufficient degree of accuracy and are being compounded by ongoing uncertainty regarding the following key variables:

- When the Western Rail System will become operational;
- Ramp up capacity of QR following recovery of the Western Rail System;
- Confirmation of customer shipment schedules, especially following the recent earthquake damage and disruption to the Japanese markets; and
- Export contract pricing.

Prices for thermal coal are currently firm and expectations are that this will be maintained into the annual negotiations which will usually apply from April onwards. However the recent deferral of deliveries under existing contracts will likely result in these higher prices not being realised until late in the current financial year.

New Hope remains a low cost producer of thermal coal in South East Queensland whose operations suffered little direct damage from the recent devastating floods in the region, and as a result stands in good position to take advantage of firming coal prices once transport infrastructure has been repaired. Recent acquisitions in both the coal and energy sector compliment a very strong balance sheet and provide a solid platform for growth in short to medium term.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in Sydney this 21st day of March 2011
in accordance with a resolution of directors.

R.D. Millner
Director

D.C. Williamson
Director

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of New Hope Corporation Limited for the half year ended 31 January 2011, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review ; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of New Hope Corporation Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Sydney
21 March 2011

New Hope Corporation Limited and Controlled Entities

Consolidated Statement of Comprehensive Income
for the half-year ended 31st January 2011

	Note	31 January 2011 \$000	31 January 2010 \$000
Revenue from continuing operations		336,210	367,922
Other income		466,261	66
		<u>802,471</u>	<u>367,988</u>
Expenses			
Cost of sales		(155,014)	(162,994)
Marketing and transportation		(63,594)	(50,826)
Administration		(7,769)	(7,903)
Other expenses		(1,530)	(1,308)
Profit before income tax		<u>574,564</u>	<u>144,957</u>
Income tax expense		(167,171)	(33,375)
Profit for the half year attributable to New Hope Shareholders		<u>407,393</u>	<u>111,582</u>

Other comprehensive income

Changes in the fair value of cash flow hedges, net of tax		8,649	5,285
Changes in the fair value of available for sale financial assets, net of tax		(308,793)	(25,189)
Other comprehensive income for the half year, net of tax		(300,144)	(19,904)
Total comprehensive income attributable to New Hope Shareholders		<u>107,249</u>	<u>91,678</u>

Earnings per share for profit attributable to the ordinary equity holders of the Company

	cents per share	cents per share
Basic earnings per share	49.1	13.5
Diluted earnings per share	49.1	13.5

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

Consolidated Balance Sheet
as at 31st January 2011

	31 January 2011 \$000	31 July 2010 \$000
Note		
Current assets		
Cash and cash equivalents	93,897	103,608
Receivables	24,578	45,629
Inventories	35,753	45,115
Held to maturity investments	1,780,566	1,312,863
Derivative financial instruments	27,148	15,673
Other	118	118
Assets classified as held for sale	-	576,211
Total current assets	1,962,060	2,099,217
Non current assets		
Receivables	4,239	4,284
Available for sale financial assets	140,860	89,185
Derivative financial instruments	12,557	11,675
Property, plant and equipment	449,606	438,023
Exploration and evaluation assets	3,030	3,030
Intangible assets	8,444	7,084
Total non current assets	618,736	553,281
Total assets	2,580,796	2,652,498
Current liabilities		
Payables	34,253	57,053
Current tax liabilities	149,223	24,154
Provisions	20,357	18,393
Total current liabilities	203,833	99,600
Non current liabilities		
Deferred tax liabilities	60,057	194,400
Provisions	18,440	18,973
Total non current liabilities	78,497	213,373
Total liabilities	282,330	312,973
Net assets	2,298,466	2,339,525
Equity		
Contributed equity	88,700	81,426
Reserves	104,171	406,304
Retained profits	2,105,595	1,851,795
Total equity	2,298,466	2,339,525

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

Consolidated Statement of Changes in Equity
for the half year ended 31 January 2011

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000
Balance as at 1 August 2009	63,427	337,458	2,347,613	2,748,498
Total comprehensive income for the half year	-	(19,904)	111,582	91,678
Transactions with owners in their capacity as owners				
Shares issued during the half year	15,410	-	-	15,410
Dividends provided for or paid	-	-	(37,180)	(37,180)
Special dividend provided for or paid	-	-	(601,083)	(601,083)
Net movement in share based payments reserve	-	(2,996)	-	(2,996)
Balance as at 31 January 2010	78,837	314,558	1,820,932	2,214,327
Balance as at 1 August 2010	81,426	406,304	1,851,795	2,339,525
Total comprehensive income for the half year	-	(300,144)	407,393	107,249
Transactions with owners in their capacity as owners				
Shares issued during the half year	7,274	-	-	7,274
Dividends provided for or paid	-	-	(37,361)	(37,361)
Special dividend provided for or paid	-	-	(116,232)	(116,232)
Net movement in share based payments reserve	-	(1,989)	-	(1,989)
Balance as at 31 January 2011	88,700	104,171	2,105,595	2,298,466

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

**Consolidated Cash Flow Statement
for the half-year ended 31st January 2011**

	31 January 2011 \$000	31 January 2010 \$000
Cash flows from operating activities		
Receipts from customers inclusive of GST	324,823	308,236
Payments to suppliers and employees inclusive of GST	<u>(245,846)</u>	<u>(225,817)</u>
	78,977	82,419
Income taxes paid	<u>(46,692)</u>	<u>(768,542)</u>
Net cash inflow / (outflow) from operating activities	<u><u>32,285</u></u>	<u><u>(686,123)</u></u>
Cash flows from investing activities		
Payments for property, plant & equipment	(30,234)	(55,448)
Payments for intangible assets	(1,922)	(11)
Payment for exploration and evaluation activities	-	(285)
Payments for investments in available for sale financial assets	(19,845)	(8,802)
Net returns / (payments) for term deposits	(460,185)	1,066,000
Proceeds from sale of property, plant & equipment	110	141
Proceeds from sale of investment	576,211	-
Interest received	44,862	177,327
Net cash inflow / (outflow) from investing activities	<u><u>108,997</u></u>	<u><u>1,178,922</u></u>
Cash flows from financing activities		
Net proceeds from issue of equity	5,260	12,028
Dividends paid	<u>(153,593)</u>	<u>(638,263)</u>
Net cash inflow / (outflow) from financing activities	<u><u>(148,333)</u></u>	<u><u>(626,235)</u></u>
Net increase / (decrease) in cash and cash equivalents	(7,051)	(133,436)
Cash and cash equivalents at the beginning of the half year	103,608	220,348
Effects of exchange rate changes on cash and cash equivalents	<u>(2,660)</u>	<u>(432)</u>
Cash and cash equivalents at the end of the half year	<u><u>93,897</u></u>	<u><u>86,480</u></u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31st January 2011

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose interim financial report for the half-year reporting period ended 31 January 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2010 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The company does not intend to early adopt. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

	31 January 2011 \$000	31 January 2010 \$000
2. DIVIDENDS		
Dividends provided for or paid during the half-year		
Ordinary dividend paid		
100% franked at a tax rate of 30% (2010 - 100% franked)	37,361	37,180
Special dividend paid		
100% franked at a tax rate of 30% (2010 - 100% franked)	116,232	601,083
	153,593	638,263
Dividends listed above were actually paid to shareholders during the reporting period.		
Dividends not recognised at the end of the half year		
Since the end of the half-year the Directors have declared an interim dividend of 5.25 cents per fully paid ordinary share (2010 - 5.0 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 4 May 2011 out of retained profits at 31 January 2011, but not recognised as a liability at the end of the half-year, is \$43,587,104.	43,587	41,362
3. OTHER INCOME		
From operations		
Profit on sale of non-current assets (i)	466,261	66
Details of non regular items included in Other Income		
(i) Gain on sale of Arrow Energy Limited Investment	466,192	-

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31st January 2011

4. CONTRIBUTED EQUITY	Parent Entity		Parent Entity	
	31 January 2011	31 January 2011	31 July 2010	31 July 2010
	No. of shares	\$000	No. of shares	\$000
(a) Share Capital				
Issued and paid up capital	830,230,549	88,700	827,730,549	81,426
(b) Movements in share capital				
Exercise of management options	2,500,000	5,260	11,218,000	14,121
Transfer of ESOP reserve to Equity	-	2,014	-	3,878
Net movement	2,500,000	7,274	11,218,000	17,999

5. FINANCIAL REPORTING BY SEGMENTS

Business Segments (primary reporting format)

The Group has two reportable segments, namely coal mining - exploration, development, production, processing, associated transport infrastructure and ancillary activities; and investments (including cash, held to maturity investments and available for sale financial assets). Coal mining operations are managed as a single integrated coal chain including transportation and infrastructure.

The Chief Operating Decision Maker (CODM) is comprised of the Board, CEO, COO and CFO.

The reportable segments reflect how performance is measured, and decisions regarding allocations of resources are made by the CODM.

	Note	Coal mining \$000	Investments \$000	Total \$000
Half year ended 31 January 2011				
Total segment revenue		283,640	52,570	336,210
Reportable segment profit before income tax		55,733	518,831	574,564
Reportable segment assets		565,473	2,015,323	2,580,796
Half year ended 31 January 2010				
Total segment revenue		301,191	66,797	367,988
Reportable segment profit before income tax		78,160	66,797	144,957
Reportable segment assets		566,131	1,896,477	2,462,608

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31st January 2011

6. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities for which no provisions are included in the accounts, are as follows:

	31 January 2011 \$000	31 July 2010 \$000
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	14,273	14,454

No losses are anticipated in respect of any of the above contingent liabilities.

7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Takeover Bid for Northern Energy Corporation Limited

Subsequent to the end of the half year, New Hope's wholly owned subsidiary, Arkdale Pty Ltd increased its cash offer to \$1.85 per Northern Energy share. The offer was declared unconditional and best and final and the payment terms accelerated. The increase offer represents a premium of 94.7% to the closing share price of Northern Energy shares on the day before New Hope's initial approach to Northern Energy Corporation Limited (NEC).

On 22 February 2011, the Directors of NEC recommended that shareholders accept New Hope's offer in the absence of a superior proposal. As at 23 February 2011, New Hope's voting power in NEC had increased to more than 50%, effectively giving New Hope control of NEC. At the close of the offer on 9 March 2011, New Hope held approximately 80.8% of the equity in NEC.

New Hope Corporation Limited and Controlled Entities

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 January 2011 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

R.D.Millner
Director

D.C. Williamson
Director

Sydney
21st March 2011

Independent Auditor's Review Report to the members of New Hope Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New Hope Corporation Limited, which comprises the balance sheet as at 31 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the New Hope Corporation Limited Group (the consolidated entity). The consolidated entity comprises both New Hope Corporation Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New Hope Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 January 2011 included on New Hope Corporation Limited web site. The company's directors are responsible for the integrity of the New Hope Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independent Auditor's Review Report to the members of New Hope Corporation Limited -
(continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Hope Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

Simon Neill
Partner

Sydney
21 March 2011