



NEW HOPE HY2016 FINANCIAL RESULTS

22 March 2016

Cost Management Initiatives deliver NPBT before non-regular items of \$20.2 million for the first half 2016

KEY HIGHLIGHTS

- Ongoing efforts to ensure Safe Production
- Net cash generated from operating activities of \$33.6 million
- EBITDA before non-regular items of \$49.2 million
- Profit before tax and before non-regular items totals \$20.2 million
 - \$4.5 million from operations
(which comprises coal mining, marketing and logistics and oil and gas)
 - \$15.7 million from treasury and investments
- NPAT after non-regular items of \$2.7 million
- Fully franked interim dividend of 2.0 cents per share
- Acquisition of 40% Bengalla – a premium quality asset effective 1 March 2016

New Hope's Managing Director, Shane Stephan, said: "This is a strong operating result at a time of continuing challenges for Australian coal producers. We have successfully managed our margins whilst simultaneously agreeing to acquire a significant mining asset (Bengalla), underlining the operational and financial strength of the group".

"Our focus for the future remains on safe production and progressing state and federal government processes to further the approval of the next stage of the Acland mine".

"Market conditions for Australian coal producers are challenging at present; however, New Hope has efficient operations and is in a robust financial position, so we are well placed to see out the current downturn and take advantage of these conditions to grow the business for the future."

FINANCIAL OVERVIEW

	1H FY2016	1H FY2015
Revenue from continuing operations	\$229.4 million	\$269.1 million
Net profit after tax ¹ before non-regular items	\$15.0 million	\$34.2 million
Net profit after tax after non-regular items	\$2.7 million	(\$23.1) million
Earnings per share before non-regular items ¹	1.8 cents	4.1 cents
Earnings per share	0.3 cents	(2.8) cents
Dividend	2.0 cents per share	4.0 cents per share
ROM coal production	5.1 million tonnes	5.5 million tonnes
Saleable coal production	2.5 million tonnes	2.9 million tonnes
Coal sold (includes trade coal)	2.7 million tonnes	3.1 million tonnes

1. Please refer to the reconciliation of non-IFRS financial information at the end of this document.

Diversified energy company New Hope Corporation Limited (ASX: NHC) ('New Hope', 'the Company' or 'the Group') announces NPAT before non-regular items of \$15.0 million for the first half of the 2016 financial year (1H FY2016), compared to \$34.2 million for the prior corresponding period.

Non-regular impairments after tax of \$17.3 million were incurred during 1H FY2016 against the carrying value of assets in the group's oil and gas operations and investments. A non-regular profit after tax on the receipt of land access compensation of \$5.0 million was also realised during the half. This resulted in a net profit after tax and after non regular items of \$2.7 million.

The operating result for 1H FY2016 was positively impacted by:

- continued cost management initiatives;
- an easing in AUD exchange rates;
- increased oil production.

However, performance was negatively impacted by:

- continuing weakness in export coal prices; and
- significant adverse movements in the oil price.

MINING OPERATIONS

New Hope's mining operations produced a total of 2.53 million tonnes of clean coal during 1H FY2016. This was 11.9% lower than 1H FY2015, with production adversely affected by wet weather at both sites (Jeebropilly and Acland) and changing geological conditions at Acland.

Total sales for 1H FY2016 were 2.69 million tonnes, a 12.3% decrease on the 1H FY2015. A number of vessels were delayed during this period due to typhoons in South East Asia.

The Acland operation produced 2.21 million tonnes of product coal during 1H FY2016, a decrease of 12.1% from the previous reporting period. Production was impacted by wet weather, delays in the acquisition of new mining fleet and recruitment of associated operators.

Key activities for the period included:

- ongoing community engagement in respect of both current operations and Stage 3 Continuation Plan;
- continued support to Stage 3 approval process and project development;
- continuing to standardise and improve Acland and West Moreton Safety and Health Management Systems;
- reinforcing iSafe/WeSafe throughout the business.

Jeebropilly produced 0.32 million tonnes of coal during the period. This is a 12.1% reduction in comparison to the prior corresponding period, mainly due to weather.

Key activities at the West Moreton operations over the last six months include:

- commenced operations in the final strip of wash plant pit;
- completed broad brush risk assessments and audits on Safety and Health Management System;
- initiated Health and Wellness Program and next stage of iSafe/WeSafe Program for all employees.

Rehabilitation work continued at both the Oakleigh and Chuwar sites. At Oakleigh work focussed on the topsoiling and seeding of all remaining surfaces following the completion of the backfilling and profiling of the old mining void in mid-2015.

At Chuwar the backfilling of the Western pit is almost complete with sediment basin construction, topsoiling and seeding to follow. Backfilling the Eastern pit will commence once water levels allow access to the pit.

BRIDGEPORT ENERGY

Bridgeport completed the acquisition of the producing Moonie Oil field in the Surat Basin from Santos in December 2015.

Production enhancement work was completed at Inland, Utopia and Cuisinier fields.

Bridgeport continues to review a number of other strategic asset acquisitions.

Oil production for the company totalled 91,150 barrels for the period, a 17% increase on the corresponding prior half year of 77,450 barrels.

This increase in production was more than offset by further declines in world oil prices with realised oil cargo prices declining from A\$67/bbl in August 2015 to A\$51/bbl in January 2016, representing a fall of 25% during the period.

Since the oil price decline began in Sep/Oct 2014 the oil price has dropped from circa A\$110/bbl to A\$51/bbl in January 2016, an overall drop of 54% in Australian dollar terms. As a consequence, revenue for the half year was \$4.7 million as against \$6.9 million for the corresponding prior half year, a decrease of 35%.

Bridgeport has responded to the lower oil prices with material reductions in operating expenditures and cost control achieved across its assets. This has been achieved through the deferral of:

- all development drilling in the Inland, Utopia and Moonie fields, and;
- discretionary expenditure within its exploration portfolio.

QUEENSLAND BULK HANDLING (QBH)

During the first six months of the financial year, 3.5 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2015 : 3.6 million tonnes).

Key activities included:

- continued focus on safety and attainment of 42 months LTI free;
- ongoing programs to reduce costs with \$0.9m in realised cost savings through first six months of FY16;
- completion of engineering studies and ongoing engineering studies with regards to upgrades to the shiploader to deliver lower operational risk.

EXPLORATION AND DEVELOPMENT PROJECTS

A review of all coal and mineral tenures was undertaken to align with the corporate strategy, this resulted in some relinquishments of tenure where there was no indication of economically viable resources or there were no foreseeable opportunities for future development.

10,153 meters were drilled during the six months to January 2015, compared to 10,724 meters in the previous corresponding period.

PASTORAL OPERATIONS

The five year development plan for Acland Pastoral continues with the change from a trading operation to a breeding enterprise significantly completed. Capital will be invested in additional fencing, yards and water points over the next three months which will reduce overheads and optimise the breeding operations.

Recent rains have improved the feed situation at Acland. The herd size is currently 2103 head, including 418 weaners from the initial breeding program.

The rainfall also assisted with crop production, with a total grain harvest of 1,182 tonnes for the period.

Acland Pastoral staff continue to assist the Acland mine with grazing trials on rehabilitation mining land.

BENGALLA

The second half of this 2016 financial year will be one of significant growth in attributable tonnes sold and sales revenue due to the acquisition of a 40% interest in the Bengalla Joint Venture.

New Hope management is committed to working cooperatively with the other members of the Bengalla Joint Venture and the site Bengalla mine management team to ensure a smooth transition in management from the previous operators.

The Bengalla Mine is one of the lowest cost export thermal coal mines supplying the Asian seaborne thermal coal market.

OUTLOOK

The outlook for Asian seaborne thermal coal markets is starting to show signs of stabilizing after a period of weakness driven by Chinese import contraction. Thermal coal spot indices have been relatively stable in Australian dollar terms over the past quarter and vessel queues at the port of Newcastle have increased from below 10 at the end of 2015 to approach 20 vessels.

Supply is reacting to the current historically low prices with export growth from Australia moderating whilst exports from Indonesia appear to have peaked.

Demand for high quality Australian thermal coal from traditional importers such as Japan, Korea and Taiwan remains firm.

There remains no consensus regarding the future direction of thermal coal prices with a great divergence of views.

In such an uncertain pricing environment it is critical to maintain a competitive cost structure. New Hope management remains focused on managing our costs on a sustainable basis.

Management remains focussed on working towards securing approval for the Acland Stage 3 continuation plan with Land Court hearings commencing in March 2016 and continuing into the second half of 2016.

The board and management will maintain a conservative approach to financial management of the company's balance sheet thus ensuring the company's ability to take advantage of the cyclical nature of the coal market.

Reconciliation of Non-IFRS Financial Information	Six Months Ended 31 January (A \$M)	
	2016	2015
Net profit/(loss) after tax	2.723	(23.139)
Income Tax expense/(benefit)	(0.760)	2.449
Petroleum Resource Rent Tax expense/(benefit)	4.786	(0.816)
Profit before income tax	6.749	(26.404)
Non-regular items before tax	13.465	70.020
Profit before income tax and non-regular items	20.214	45.616
Interest Expense	0.000	0.000
Earnings before interest tax and non-regular items	20.214	45.616
Depreciation and Amortisation	29.022	30.046
Earnings before interest tax depreciation amortisation and non-regular items	49.237	75.662

Earnings before interest tax and non regular items (EBIT) and earnings before interest depreciation amortisation and non regular items (EBITDA) figures referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4D and Interim Report in the Consolidated Statement of Comprehensive Income.

The presentation of the EBIT and EBITDA is to provide a measure of New Hope's performance prior to the impact of financing and non-cash depreciation and amortisation.

**RECONCILIATION OF NET PROFIT AFTER TAX BEFORE AND AFTER NON
 REGULAR ITEMS**

Six Months Ended 31 January (A\$m)	Coal Mining	Oil and Gas	Marketing and Logistics	Treasury and Investment	Total
2016					
Net profit/(loss) after tax	0.039	(15.988)	11.129	7.543	2.723
Non-regular items after tax					
Impairment of oil producing and exploration assets	-	10,520	-	-	10,520
Petroleum Resource Rent Tax (de-recognition due to recoverability)	-	3,353	-	-	3,353
Land access compensation	(5,000)	-	-	-	(5,000)
Impairment of available for sale financial assets	-	-	-	3,436	3,436
Total non-regular items after tax	(5,000)	13,873	-	3,436	12,309
Net profit/(loss) after tax before non-regular items	(4,961)	(2,115)	11,129	10,979	15,032
2015					
Net profit/(loss) after tax	3,524	(41,079)	15,569	(1,153)	(23,139)
Non-regular items after tax					
Gain on disposal of Dart Energy Limited Shares	-	-	-	(1,151)	(1,151)
Impairment of oil producing and exploration assets	-	36,795	-	-	36,795
Impairment of goodwill	-	4,157	-	-	4,157
Impairment of available for sale investments	-	-	-	17,558	17,558
Total non-regular items after tax	-	40,952	-	16,407	57,359
Net profit/(loss) after tax before non-regular items	3,524	(0,127)	15,569	15,254	34,220

Reconciliation of Non-IFRS Financial Information	Six Months Ended 31 January (cps)	
	2016	2015
Basic earnings per share (cents) (before non regular items)	1.8	4.1
Impairment of oil producing and exploration assets	(1.3)	(4.4)
Petroleum Resource Rent Tax (de-recognition due to recoverability)	(0.4)	-
Land access compensation	0.6	-
Impairment of available for sale investments	(0.4)	(2.1)
Gain on disposal of Dart Energy Limited Shares	-	0.1
Impairment of goodwill	-	(0.5)
Basic earnings per share (cents) (after non regular items)	0.3	(2.8)

Basic earnings per share before non regular items referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4D and Interim Report in the Consolidated Statement of Comprehensive Income.

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