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## ASX & Media Release

### **New Hope announces \$111.6 million operating profit**

- **Export sales up by 31.5 per cent to 2.2 million tonnes as New Acland production increases**
- **Revenue up 19.4 per cent**
- **Result impacted by lower coal prices and higher Australian dollar**

Diversified energy company New Hope Corporation Limited today announced a 15.8 per cent decrease in net profit after tax from its coal mining, port, and other operations to \$111.6 million for the six months to January 31, 2010.

Despite increased export sales the result was impacted by lower US dollar sale prices for coal, and a higher Australian/US dollar exchange rate. New Hope also had reduced interest income due to a higher tax expense and increased dividends paid during the period from the proceeds of the \$2.45 billion sale of the New Saraji Project to the BHP Billiton Mitsubishi Alliance (BMA) in 2008.

The result was slightly ahead of the company's guidance of \$100 million to \$110 million. Earnings per share were 13.5 cents.

Directors have declared an interim dividend of 5 cents per share, up from 4.75 cents per share, fully franked and payable on May 5, 2010. The record date is April 19.

Chairman Robert Millner said New Hope continued to expand production efficiency, with total coal sold being 24.3 per cent higher than the previous corresponding period at 2.8 million tonnes.

"We've got an exceptionally strong balance sheet and we are well-positioned to take advantage of future opportunities," he said.

Chief executive officer Rob Neale said: "Our revenue was up 19.4 per cent to \$367.9 million due to growth in saleable coal production, which was up 15.2 per cent to 2.8 million tonnes.

"We also had higher export sales volumes, up 31.5 per cent to 2.2 million tonnes, but this was offset by the lower coal prices and higher exchange rates.

“We are maintaining our full-year sales forecast of about 5.5 to 6 million tonnes, which is highly dependent on rail capacity.

“New Hope remains a low-cost producer and we will continue to increase our production and sales.

“Our current expansion projects, especially at New Acland and our Queensland Bulk Handling port facility, remain on schedule and on budget.”

## **Mining Operations**

Increased production from the New Acland mine west of Toowoomba and the ramp up in production from the reactivation of the Jeebropilly mine were the main contributors to the higher production.

Sales revenues were increased by the sale of some 657,000 tonnes of third party coal in order to meet customer demand in excess of contracted volumes. Costs of sales were also proportionately higher to account for the purchases.

The New Acland mine remains the company’s major production source with some 2.215 million tonnes produced during the half year; a 7.3 per cent increase on the previous corresponding period.

Expansion of the New Acland mine to the production rate of 4.8 million tonnes per annum was completed during the half year, ahead of time and on budget.

The balance of New Hope’s coal production of 600,000 tonnes in the half year came from the West Moreton region; an increase of 58.3 per cent over the previous corresponding period.

## **Queensland Bulk Handling**

New Hope’s 100 per cent owned port facility Queensland Bulk Handling (QBH) continued to operate effectively, with 3.280 million tonnes loaded through the facility during the half year, a 16.2 per cent increase. The QBH facility continues to operate essentially demurrage free.

Coal stockpile and handling capacity expansion is continuing on schedule. At full capacity in late 2010, the port will be capable of handling up to 10 million tonnes a year, subject to rail performance and shipping schedules.

## **New Hope Exploration**

New Hope’s exploration strategy continues to be directed toward evaluating open cut and underground coking coal resources in Central Queensland; open cut thermal coal in South East Queensland and evaluating coals as potential sources of gasification and liquefaction.

New Hope’s Central Queensland focus has been on the Lenton Project with preparation of target areas and the deployment of drilling and geological assessment assets to the project area.

The company's remaining efforts have been directed at mine operational areas in South East Queensland and exploration license areas on the Darling Downs; primarily Ownaview West. Additional drilling at New Acland has improved the accuracy of geological model interpretations ahead of mine planning for proposed future mine expansions.

### **Coal to Synfuels**

New Hope is continuing its research and development coal-to-liquids project activity. Initial trials of New Acland coal through a syncrude reactor have been completed and are under review to establish the next phase of testing. A further 60 tonnes of New Acland coal has been shipped to South Africa for further testing.

Trials in the next six months will evaluate the commercial viability of these alternative technologies.

### **Arrow Energy Limited**

As at 31 January 2010 New Hope held 122.6 million shares at a total cost of \$119.3 million equivalent to 16.7 per cent of the company. Arrow Energy's share price on January 31 was \$3.93 valuing the New Hope investment at \$481.8 million, representing an unrealised gain before tax of \$362.5 million.

Since the end of the period, a company jointly owned by Royal Dutch Shell and PetroChina has issued a proposal to acquire shares in Arrow Energy for \$4.70 cash per share, plus a share in a new entity comprised of Arrow Energy's international business and early stage Australian assets.

In the absence of a superior proposal, New Hope supports the proposed transactions and intends to vote in favour of the Demerger Scheme and Acquisition Scheme for all the shares it owns or controls.

### **Planet Gas Investment**

During the first quarter, New Hope acquired a 13 per cent interest in the ASX-listed, coal-bed methane company Planet Gas, as part of its diversified energy strategy. During the second quarter, New Hope took its total holding to 19.9 per cent at a total cost of \$8.8 million, making New Hope the company's single largest shareholder. The investment continues New Hope's involvement in the broader energy sector.

### **Outlook**

Planning is underway to take advantage of a new mining lease at the New Acland mine, which if granted in late 2010 or early 2011, will enable production capacity to be incrementally increased up to 10 million tonnes per annum, subject to market conditions, rail and port capacity.

Jeebropilly will continue at a nominal production capacity 900,000 tonnes per annum during the second half of 2010, with continued New Oakleigh nominal production of 230,000 tonnes per annum during the same period.

The QBH port expansion, which will provide a total site capacity of up to 10 million tonnes per annum, is on schedule and within budget, with completion due in late (calendar year) 2010.

Interest income from cash on deposit will continue to provide short term profit, although at reduced levels following the payment of the special dividend and tax on the New Saraji sale, partially offset by interest rates increasing from the low levels of 2009.

New Hope retains its previously advised production guidance for 2010 of 5.5 to 6.0 million tonnes, subject to finalisation of coal sale contract negotiations with major Asian customers over coming months and achievement of sufficient rail capacity.

For further information, please contact:

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