

NEW HOPE CORPORATION LIMITED

QUARTERLY ACTIVITIES REPORT

31 July 2010

	3 Months to 31/07/10 Tonnes 000's	3 Months to 31/07/09 Tonnes 000's	Change	Year ended 31/07/10 Tonnes 000's	Year ended 31/07/09 Tonnes 000's	Change
Raw Coal Production	3,248	2,578	+ 26%	11,633	9,673	+ 20%
Saleable Coal Production	1,706	1,357	+ 26%	5,921	5,139	+ 15%
Coal Sold	1,604	1,231	+ 30%	5,878	4,971	+ 18%
QBH Export Throughput	1,827	1,580	+ 16%	6,668	6,144	+ 9%

COAL OPERATIONS

Group saleable coal production for the 3 months to 31 July 2010 was 1.706 million tonnes, 22% higher than the previous quarter and 26% higher than the previous corresponding period in 2009. The increase was due to higher production from all of the Company's mines - New Acland, Jeebropilly and New Oakleigh (which produced 1.336 million tonnes, 0.272 million tonnes and 0.098 million tonnes respectively) during the quarter.

New Hope's annual saleable coal production of 5.921 million tonnes was 15% higher than the previous corresponding period – a new record for the Group- reflecting the continued growth achieved through increases in overburden removal, coal mining and coal processing capacity, primarily at the New Acland and Jeebropilly mines.

New Hope's group sales for the quarter of 1.604 million tonnes was 30% higher than the previous corresponding period in 2009 and 9.8% higher than the previous quarter due to continuing strong demand from export customers coupled with the expected better rail performance.

New Hope's annual sales of 5.878 million tonnes was 18% higher than the previous corresponding period – also a new record for the Group - reflecting improved rail performance, continued strong export demand and available port capacity at QBH.

CS Energy's announcement regarding the sequential closure of four coal fired units of its Swanbank Power Station has resulted in lower domestic coal sales. Two of the four units have now ceased operations, with the remaining two units due for shutdown in April 2011 and April 2012 respectively. New Hope is examining alternate customers for its surplus domestic coal; some of which may be exported.

As a result of further geological evaluations at the Jeebropilly Mine conducted during the last quarter, which resulted in an increased level of confidence on the extent of remnant coal resources within existing mining leases, a new pit was developed to support the continued higher production rate from the mine. Development of the new pit has assisted mine scheduling and alleviated some logistical constraints by having mining activities spread over a larger mine area.

The QBH port expansion project is proceeding on schedule, with commissioning activities completed on the new stacker and inload conveyor systems. Instrumentation and electrical control system works have been completed and are now in the commissioning phase. Commissioning of the reclaim system is well advanced and installation of additional stacker rails and reclaimers bunker walls are well advanced.

Export throughput at QBH achieved another record, with quarterly throughput being 16% higher than the previous corresponding period and 9% higher for the full year compared to 2009, primarily due to increased sales from New Hope mines and improved rail capacity.

EXPLORATION

The effect of extended seasonal rainfall continued into early May 2010 when exploration remained curtailed due to wet ground conditions across all project areas. A total of 12,747 metres of drilling was completed in the quarter, bringing the total to 27,710 metres year-to-date.

New Lenton

Ground conditions improved enough to recommence exploration at New Lenton in the second half of May 2010. Access tracks and seismic lines were repaired and drilling has focussed on confirmation core drilling along the 2D seismic survey lines conducted during 2009. 4,140 metres of chip drilling and 490 metres of core drilling were completed at New Lenton during the quarter.

The 6.5 square kilometres of 3D seismic survey that was prepared during the quarter ended 30 April 2010 was completed mid-way through the July quarter.

Approximately A\$3 million has been spent on the New Lenton exploration program this year. The preliminary results of the seismic programs, together with the results of extensive drilling (approximately 38,000 meters in 298 holes since 2002), has resulted in further confidence in the extent of the coal measures within the existing Mining Lease and extending into the EPC area. As a result, the Company has committed to further expenditure on a multi-stage 3D seismic, quality testing of large diameter cores and testing for coking characteristics.

This work is targeted at identifying a coal quantity of up to 200 million tonnes within the project area.

New Acland

Exploration within MDL244 (Project Expansion Area) at New Acland continued, with 4,888 metres of chip drilling conducted. This tenement forms the basis of the current Mining Lease application area.

Drilling within the existing New Acland mining lease areas included 808 metres of chip drilling and 686 metres of core drilling. All drilling within existing mining leases at New Acland are designed to enhance the level of confidence of existing geological models and to provide data to support mine planning and coal processing.

Ownaview West

Activity at the Ownaview West Project concluded in June with 651 metres of chip drilling and 221 metres of core drilling for the quarter. The results of this phase of the program of exploration are being reviewed to determine the extent of the next exploration phase.

West Moreton

Confirmation drilling of remnant coal resource areas was conducted at Jeebropilly and New Oakleigh mine areas during the quarter. 605 metres of chip drilling was conducted within Jeebropilly ML7186 and 258 metres of drilling was conducted within ML4584 at New Oakleigh. All drilling within existing mining leases at New Hope's West Moreton operations is designed to enhance the level of confidence of existing geological models and to provide data to support mine planning and coal processing.

New Projects

New Hope has continued the process of reviewing prospective tenements. Currently, New Hope has four areas under application for Exploration Permits for Minerals (EPM) in Northwest Queensland and two areas under application for coal exploration (EPC) in Central Queensland. The EPC applications are in the final phase of the approval process and grant is expected in the second half of the 2010 calendar year. Assessment of the EPM applications is ongoing and notification of grant is not expected until the first half of the 2011 calendar year.

BUSINESS DEVELOPMENT

Coal-to-Liquids

The planning and development of a small "proof of concept" Coal to Liquids plant to be built at Jeebropilly Coal Mine is well advanced. Discussions have been held with the various Queensland Government departments, with applications for a Petroleum Facility Licence and an Environmental Authority for Petroleum Activity currently being processed.

Negotiations continue with technology holders in both USA and South Africa with the intent of establishing access to other methodologies of converting coal into synthetic crude and other value added petroleum products.

ARROW ENERGY / DART ENERGY

During the quarter Arrow Energy shareholders approved the demerger and acquisition schemes at an extraordinary general meeting. As a result of the demerger and participation in an initial capital raising, New Hope now owns approximately 17% of the issued capital of Dart Energy Limited. The sale of the companies 16.7% interest in Arrow Energy settled on 23 August.

FULL YEAR PROFIT GUIDANCE

The company advises that its net profit after tax from for the year ended 31 July 2010 is expected to be in the range of \$175m to \$185m before non-recurring items. This is in line with current equity market analyst expectations. New Hope's full year results will be announced to the market on Tuesday, 21 September 2010.