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ASX & Media Release

New Hope's record coal production and exports drive \$183.8 Million NPAT

- **Record level of saleable coal production - up 15.2% to 5.9 million tonnes**
- **New export sales record - up 26.2% (excluding traded coal sales) to 4.9 million tonnes**
- **FY2011 coal production guidance of 6.0 million tonnes**
- **Additional New Acland mining lease application could allow incremental coal production increase up to 10 million tonnes per annum, subject to conditions**
- **Exploration at Lenton continues to show promise**
- **FY2011 to include profit after tax of \$326 million from the sale of Arrow Energy**

Diversified energy company New Hope Corporation (ASX: NHC) today announced record levels of coal production and exports for the year to July 31, 2010 with a net profit after tax (excluding non-recurring items) of \$183.8 million.

The result included a \$112.6 million operating profit and \$71.2 million earned from investments. It was a 29.9% decrease from the previous year's \$262.3 million when \$150.5 million was earned from operations and \$111.8 million from investments. The previous period had also included a non-recurring profit after tax on the sale of the New Saraji coal assets of \$1.7 billion.

Basic earnings per share (excluding non-recurring items) for the year were 22.3 cents compared to 32.3 cents per share earned in 2009

Directors have declared a final dividend of 4.5 cents per share (2009 4.5 cents per share), and a special dividend of 14.0 cents per share (2009 72.75 cents per share). Both of these dividends are fully franked and payable on 9 November 2010 to shareholders registered at 25 October 2010.

New Hope Chairman Robert Millner said full year earnings had been impacted by a mix of lower export coal prices, higher A\$:US\$ exchange rates, higher transportation costs and reduced interest earnings following the payment of a special dividend and tax on the New Saraji sale.

He said New Hope remained extremely well positioned for future growth with an exceptionally strong balance sheet, current expansion projects, extensive exploration tenures and interests in new Coal To Liquids technology.

“New Hope’s expansion plans remain on schedule and within budget with the company targeting a modest increase in coal production for 2011 of 6.0 million tonnes, subject to available rail capacity.” Mr Millner said.

“Planning is also underway to take advantage of a new mining lease at our largest coal producing operation, the New Acland Mine, which if granted in 2011 could enable production capacity to be incrementally increased up to 10 million tonnes per annum, subject to market conditions, rail and port capacity.”

New Hope was also progressing work at its central Queensland exploration project, New Lenton, where a multi-stage 3D seismic program and quality sample testing is continuing.

The current expansion of the QBH coal export facility is on schedule with final completion scheduled for the end of the 2010 calendar year when the facility would have a total site throughput of a nominal 10 million tonnes per annum.

Mr Millner said interest income from cash on deposit would continue to provide short term profit. The sale of New Hope’s Arrow Energy shares contributed to post year end cash reserves. The sale of the shares was finalised on 23 August 2010 for a cash consideration of \$576 million resulting in a profit after tax of \$326 million to be recognised in the 2011 financial year.

“New Hope is continuing to advance our position as a successful, diversified energy company with interests in coal exploration, production, handling and export,” Mr Millner said. “We also hold strategic investments in other energy companies and in exciting new coal to liquids technology which has world wide potential for the development of commercial plants.”

He said New Hope was continuing to assess further expansion opportunities that would create additional shareholder value.

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Appendix: Detailed Commentary

Mining Operations

Total saleable coal production from New Hope's operations for the year ended 31st July 2010 was 5.9 million tonnes, 15.2% higher than the previous corresponding period. Increased production from the New Acland mine and the ramp up in production from the reactivation of the Jeebropilly mine were the main contributors to the higher production.

Total coal sold for the year was 18.3% higher at 5.9 million tonnes, compared with 5.0 million tonnes sold in the previous corresponding period. Coal export volumes rose by 1.0 million tonnes (or 26.2%) to 4.9 million tonnes while domestic sales were some 107,000 tonnes lower (or 9.7%) at 996,000 tonnes.

Sales revenues were increased by the sale of an additional 1.3 million tonnes of traded coal in order to meet customer demand in excess of contracted volumes. Cost of sales was also proportionately higher to account for the third party traded coal purchases.

Whilst rail issues due to track maintenance and train availability hampered export deliveries during the first half of the year, rail performance has improved during the second half. Further sales growth remains partly dependent on available rail capacity

The expansion project at Queensland Bulk Handling (QBH) advanced in accordance with its construction schedule, with additional interim stockpile capacity being utilised during the construction program. This has allowed QBH to receive and stockpile additional coal in advance of the commissioning of fixed infrastructure.

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 will likely export some of its surplus domestic coal.

New Acland Mine

The New Acland mine remains the Company's major production source with some 4.7 million tonnes produced during the full year, a 10.3% increase over 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 year, ahead of time and on budget.

As a result of the successful expansion of New Acland's second coal handling plant, a decision has been taken to undertake an upgrade of the tertiary sizer for the first coal handling plant. This upgrade is scheduled to be completed by year end, which could provide an opportunity to incrementally increase production.

The application for a new mining lease over the bulk of the New Acland coal resource area to the south of the existing mining operations has progressed during the year, with a comprehensive Environmental Impact Statement (EIS) being issued to the Queensland State Government Co-ordinator General.

New Acland has also acquired additional land within the target mining lease application area.

West Moreton Mines

The balance of New Hope's coal production of 1.2 million tonnes for the year ended 31st July 2010 came from the West Moreton region, an increase of 38.9% over the previous corresponding period. The New Oakleigh mine near Rosewood produced 286,000 tonnes and the Jeebropilly mine near Amberley produced 932,000 tonnes.

The New Oakleigh mine has reached a steady state production capacity of approximately 230,000 tonnes per year, with ongoing operations dependent on export coal sales prices and volume commitments. It is likely that the New Oakleigh mine will cease operations some time in 2012 as a result of the depletion of economic reserves.

The Jeebropilly mine is now operating at an annualised production rate of approximately 900,000 tonnes per annum; some 80% higher than the originally planned 500,000 tonnes per annum.

Further geological evaluations conducted at the Jeebropilly Mine during the year has indicated the mine life could be extended for another five to seven years, but will continue to be dependent on export coal sales prices and sales volume commitments.

Queensland Bulk Handling

The QBH coal loading facility continued to operate effectively, with 6.7 million tonnes loaded during the year ended 31 July 2010, 9.0% higher than the previous corresponding period. The QBH facility continues to operate essentially demurrage free.

Coal stockpile expansion work is continuing on schedule, with the following activities completed:

- All foundation piling;
- Bulk earthworks for the stockpile bases;
- Manufacturing, construction and installation of a new stacker;
- Manufacturing, construction and installation of four reclaim facilities, with another four well advanced;
- Conveyor installation works; and
- Electrical and PLC control system installation works.

The modifications to the coal receipt and in-load system and new stacker have been commissioned, with final performance testing scheduled to occur in September 2010. Commissioning of the out-load system was well advanced at year end.

The final expansion works will increase stockpile capacity by 530,000 tonnes to 907,000 tonnes. At full capacity in late 2010, the port will be capable of handling up to a nominal 10 million tonnes per annum, 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.

The Company'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.

New Lenton

Establishment of a site base and communication links were completed to facilitate drilling activities. Cultural heritage surveys, drilling, 2D seismic surveys and the first phase of a staged 3D seismic program were completed during the year.

Core drilling to obtain samples for Coal-to-Liquids laboratory analysis and pilot plant reactivity testing was completed.

Following delays as a result of rainfall, 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. 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. Overall, 32.8 kilometres of high quality 2-D seismic survey was completed at New Lenton (EPC766 and EPC865).

Approximately A\$3 million has been spent on the New Lenton exploration program during last 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 program, 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.

Land

New Hope has completed preliminary studies to identify the most appropriate future land use post mining at its West Moreton operations. For those landholdings around Rosewood and Amberley (approximately 2,700 hectares), various conceptual plans have been prepared for a combination of urban, commercial, recreational, industrial and ecological use and presented to both Ipswich City Council and the Queensland Department of Infrastructure and Planning to contribute to the review of the South East Queensland Regional Plan.

The conceptual post mining land development plans for the land associated with the West Moreton mines, which were undertaken during 2009, were recognised by the Planning Institute of Australia (Queensland Branch and Nationally) with the winning of three awards for planning excellence.

Coal to Syngas

Following the financial year end, on the 14th September 2010, New Hope Corporation Limited (NHC) announced it had agreed to acquire an initial 25% equity interest in a 25 year, exclusive worldwide, licensed technology, creating high value carbon products using a direct coal liquefaction process. The process has superior environmental performance over many of the competitor technologies and can be upgraded to produce synthetic crude oil (SCO) and high grade synthetic coke with high carbon conversion rates from a range of

coal types. NHC's initial equity investment will fund the commercialisation program and NHC has the right to acquire up to 51% equity in the technology at agreed costs.

The other shareholder in the technology company is Quantex Research Corporation (QRC), a private Canadian company which has acquired the technology rights with a license from the West Virginia University in the USA. NHC and QRC have undertaken to commercialise the technology over the next few years supported by an extensive research programme to provide even greater flexibility in coal use, maximising a range of alternative operating configurations and testing even higher quality product scenarios.

The process is essentially a closed loop system with the coal diluent being recycled without CO₂ gas production in the process itself. The pitch product produced by this exclusive technology is then able to be exported or upgraded by a number of known alternative technologies, to produce a range of different petroleum or petrochemical outputs including synthetic crude oil and synthetic metallurgical coke. A gasifier fuel is produced, which provides the fuel for the process after start up. It is likely the process may produce excess hydrogen and no water is consumed. Detailed engineering is underway and should be completed by the end of the year with the construction of a "proof of concept" plant in 2011 providing process results during 2012.

The process is already proven in making anode and needle grade coke for the aluminium and electric arc steel making industries. The SCO production process also has the potential to provide a by-product of high quality synthetic metallurgical coke. If successful, the scale of commercial plants is likely to be in the range of 10,000 to 50,000 barrels per day. The typical size of an Australian refinery is about 130,000 barrels per day.

New Hope is also continuing other research and development coal to liquids project activity.

The planning and development of a small one tonne per hour "proof of concept" Coal to Liquids indirect gasification plant to be built at the 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.

Arrow Energy Limited / Dart Energy Limited

As at 31 July 2010 New Hope held 122.6 million shares in Arrow Energy at a total adjusted cost of \$110.0 million, equivalent to 16.7% of the company.

During 2010, a company jointly owned by Royal Dutch Shell and PetroChina issued a proposal to acquire all shares in Arrow Energy for \$4.70 cash per share, plus a share in a new entity – Dart Energy Limited - comprised of Arrow Energy's international business and early stage Australian assets.

In July 2010 Arrow Energy shareholders approved the demerger and acquisition schemes at extraordinary general meetings. 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. Dart Energy's share price on 31 July 2010 was \$0.755, valuing the New Hope investment at \$53.8 million and representing an unrealised gain before tax of \$37.6 million. Dart Energy's closing price on 16 September was \$1.00, representing an unrealised gain of \$55.1 million before tax.

The sale of the company's 16.7% interest in Arrow Energy settled on 23 August 2010, with New Hope receiving \$576 million from the sale. A profit after tax of \$326 million will be recognised in the 2011 financial year.

Planet Gas Investment

As part of its diversified energy investment strategy, during the 1st quarter New Hope acquired a 13% interest in the ASX listed company, Planet Gas Limited. During the 2nd quarter the company acquired an additional 6.9% interest in Planet Gas for \$3.7 million, taking the total holding to 19.9% at a total cost of \$8.8 million, and making New Hope the company's single largest shareholder.

The investment by New Hope continues its involvement in the broader Australian energy sector.

WestSide Corporation Investment

In April 2010 the company acquired an initial 7% interest in WestSide Corporation Limited (WestSide) for a consideration of \$4.8 million, along with the right to participate on a priority basis in a planned entitlement offer.

The entitlement offer was completed in May 2010, which resulted in New Hope increasing its interest to 19.9% at a total cost of \$23.3 million.

WestSide is an ASX listed company with interests in coal seam gas (CSG) projects in Queensland's Bowen and Galilee Basins. WestSide have entered into agreements to purchase the Dawson CSG field assets from Anglo American and applied a portion of the funds raised from the entitlement offer to effect this transaction. The transaction was completed on 1 July 2010.

Outlook

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

West Moreton operations will continue at a nominal production capacity of 1.1 million tonnes per annum during 2010/11 (Jeebropilly 900,000 tonnes per annum and New Oakleigh 230,000 tonnes per annum).

The QBH port expansion, which will provide a total nominal site throughput of up to 10 million tonnes per annum, is on schedule and within budget, with final completion due in December 2010.

Interest income from cash on deposit will continue to provide short term profit, with the proceeds from the sale of Arrow Energy shares adding further to cash on deposit post year end. Interest rates firmed during the second half of the year and although markets remain volatile, consensus estimates indicate that rates are unlikely to retract and may continue to firm over the next 12 months.

New Hope advises production guidance for 2011 of around 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.

In summary, New Hope Corporation:

- Remains a low cost producer;
- Continues to increase production and sales;
- Has current expansion projects on schedule and within budget;
- Has extensive exploration tenures with in-house exploration capability;
- Continues to develop coal to liquids, and other energy opportunities;
- Has an exceptionally strong balance sheet; and
- Is very well positioned for future opportunities.

JORC Declaration

The estimates of coal resources herein have been prepared in accordance with the guidelines of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code". *These resources are inclusive of the reserves reported in the reserves statement.* The work has been undertaken internally by NHC and reviewed by Mr Wes Nichols, Geology Manager NHC and Member of AusIMM (no. 202058). Mr Nichols has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code.

Mr Nichols consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.