

NEW HOPE CORPORATION LIMITED

QUARTERLY ACTIVITIES REPORT

31 January 2011

	3 Months to 31/01/11 Tonnes 000's	3 Months to 31/01/10 Tonnes 000's	Change	6 Months ended 31/01/11 Tonnes 000's	6 Months ended 31/01/10 Tonnes 000's	Change
Raw Coal Production	2,396	2,853	- 16%	5,362	5,532	- 3%
Saleable Coal Production	1,266	1,419	- 11%	2,769	2,815	- 2%
Coal Sold	1,213	1,330	- 9%	3,046	2,813	+ 8%
QBH Export Throughput	1,419	1,533	- 7%	3,463	3,281	+ 6%

COAL OPERATIONS

Heavy un-seasonal rainfall occurred across the Central Queensland and Surat Basin coal fields in December 2010 and January 2011. This resulted in localised flooding around the New Acland and West Moreton operations however the mines were not flooded, did not incur any significant damage and were only impacted by lost time due to extended wet weather. This constrained coal production during the quarter and as a result, saleable coal production was reduced to 1.266 million tonnes, down 11% on the corresponding quarter in 2009/2010.

As a result of flooding down the Toowoomba Range and across the Lockyer Valley, the Western Rail System has been significantly damaged with QR National declaring Force Majeure on January 20 2011. Repairs are progressing well with an anticipated reopening date of early to mid April 2011.

Coal sales remained high, with in excess of 3 million tonnes sold during the first six months of the year. This is 8% above sales achieved during the corresponding previous six months.

All New Hope mines continue to operate at full capacity with railing continuing from the West Moreton operations and supplementary trucking in place from New Acland.

Port operations at QBH were only marginally impacted by rain during the quarter. Over the first six months 3.463 million tonnes were exported up 6% on the corresponding previous half year.

EXPLORATION

This report covers New Hope's exploration activities for the quarter ending 31st January 2011. The effect of unseasonal rainfall has continued to impact on exploration activities due to wet ground conditions across all project areas.

A total of 1,330 metres of drilling was completed in the quarter, bringing the total to 41,494 metres year-to-date.

New Lenton

While heavy rain periods occurred during the quarter, ground conditions remained dry enough to drill for short intervals at New Lenton during the period. Drilling has focussed on confirmation core drilling within the 3D seismic survey area that was completed during the previous quarter. 1,153 metres of chip drilling and 177 metres of core drilling were completed at New Lenton.

Preliminary results for the 3D seismic surveys were received during the quarter 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 quarter.

New Acland

No drilling activities were undertaken within MDL244 (Project Expansion Area) at New Acland last quarter. Previous drilling results have been reviewed and form the basis of further exploration within the current ML application area.

All drilling at New Acland is designed to confirm the existing geological models within the Acland project area.

West Moreton

No exploration activities were conducted at West Moreton during the quarter. However, geological models were updated with the data produced during the previous quarter.

New Projects

EPC1876 was granted on 26/11/2011. Exploration has commenced on EPM18582 with 212 gravity station surveys completed. New Hope still has three areas under EPM (Exploration Permits for Minerals) application in northwest Queensland and one area under application for coal exploration (EPC) in Central Queensland. This EPC application is in the final phase of the approval process and grant is expected in the first half of the next calendar year. Assessment of the EPM applications is ongoing and notification of grant is not expected until the second half of next calendar year.

Interpretation of the gravity survey data has commenced for EPM18582. It is expected that the results from the interpretation will help to determine drilling target/s and if there are any requirements for additional geophysical surveys.

BUSINESS DEVELOPMENT

Coal-to-Liquids

Quantex continued with detailed design and has begun the process of tendering for suitable construction contractors for a direct liquefaction proof of concept plant which will likely be built in Texas, USA.

Successful R&D activities have continued to improve the process and have broadened the range of suitable coal types to include lignite as well as high ash bituminous coals to the previously tested sub bituminous coals. These collective assessments of process improvements will support the engineering design of future plants.

The indirect liquefaction process design for a proof of concept plant using American technology is essentially complete. A Petroleum Facilities License has been granted for this plant to be built at our Jeebropilly mine near Ipswich. Manufacturing is expected to commence in February 2011 with commissioning scheduled the second quarter of calendar 2012.

MERGERS AND ACQUISITIONS

Northern Energy Corporation

Subsequent to the end of the quarter New Hope's 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 increased 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.

On 22 February the board of Northern Energy recommended that shareholders accept New Hope's offer in the absence of a superior proposal. As at 23 February 2011, New Hope had a relevant interest in 58.96% of Northern Energy and by law the Offer is automatically extended by 14 days.

Bridgeport

During the quarter a New Hope subsidiary company, Mattvale Pty Ltd, entered into agreements to purchase a 29.9% (fully diluted) interest in Bridgeport Energy Limited for total consideration of A\$18.5m. Bridgeport Energy is an emerging Australian oil and gas company with producing and exploration assets in South West Queensland. The company is led by Chairman Mr Pat Handley, former board member and CFO of Westpac Banking Corporation Limited and Mr Chris Way, CEO who has over 28 years experience in off-shore and on-shore oil and gas upstream operations. The funds provided to Bridgeport by the placement to New Hope will be utilised to expand Bridgeport's tenement holdings and production base.

PROFIT GUIDANCE

Based on current forecasts, New Hope Corporation Limited advises that its Net Profit After Tax for the half year ended 31st January 2011 is anticipated to be within the range of \$400 million to \$407 million.

This result is made up from two principal components; a profit after tax on the sale of the company's interest in Arrow Energy Limited of \$326 million and a profit after tax on coal operations and treasury of between \$74 million and \$81 million. Note that this profit guidance is subject to the results of audit review.

Operating profitability was materially negatively impacted by the high A\$:US\$ exchange rate during the period whilst coal contracts were at a previously fixed US\$ price. Current spot and expected contract coal prices are anticipated to be materially higher than those applying to the first half of the financial year. The impact of the likely 3 month rail outage will significantly impact New Hopes earnings for the second half of this financial year. The size of this impact will be a function of when the rail system recovers to full capacity with significant income likely to be deferred into the next financial year.

It is anticipated that New Hope will release its first half financial results for the period to 31st January 2011 on or about the 22nd of March 2011.