# New Hope Corporation Limited

# Analysts Results Presentation

## Half Year Ended 31 January 2011


Presented by:

Rob Neale, Managing Director & Chief Executive Officer

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# Agenda

- Highlights of Past Six Months
- Key Financials and Operations Summary
- Mining
  - QBH Port Facility
  - Mining Operations
  - Exploration Activities
  - Land Activities
- Other Energy Activities
  - Coal to Liquids
  - Energy Projects
- Outlook

# Highlights of Past Six Months

- New Hope continues to grow.
  - Production steady at 2.8 million tonnes despite weather impacts.
  - Sales up 8.3% to 3.0 million tonnes.
- New Hope's NPAT (excluding non-recurring items) down 27.4% to $81.1 million from $111.6 million due to:
  - Higher A$:$US exchange rates resulting in reduced revenue in AUD terms;
  - Increased costs of production;
  - Increased rail and road transportation costs;
  - Decreased coal inventory stock volumes;
  - Decreased interest income from reduced cash on deposit during 2011 following the acquisition of further investments, payment of special dividends and the tax payment associated with the sale of New Saraji.

  Partially offset by:
  - Higher sales volumes and export coal prices in USD terms;
  - Steady production.

# Key Financials [1]

| | Six Months Ended 31 January | | |
|---|---|---|---|
| | 2011 | 2010 | Change |
| Revenue from ordinary activities | $336.2m | $367.9m | - 8.6% |
| Profit from operations (after tax and before non recurring items) | $81.1m | $111.6m | - 27.4% |
| Net profit (after non recurring items) | $407.4m | $111.6m | 265.1% |

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# Key Financials [2]

| | Six Months Ended 31 January | |
|---|---|---|
| | 2011 (cents per share) | 2010 (cents per share) |
| **Earnings Per Share** | | |
| Before Non Recurring Items | 9.8 | 13.5 |
| After Non Recurring Items | 49.1 | 13.5 |

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# Dividends

| | Six Months Ended 31 January | | |
|---|---|---|---|
| | **2011** (cents per share) | **2010** (cents per share) | **Change** |
| Interim dividend to be paid in May 2011 | 5.25 | 5.0 | 5.0% |
| Net tangible asset backing | 275.8 | 267.1 | 3.3% |

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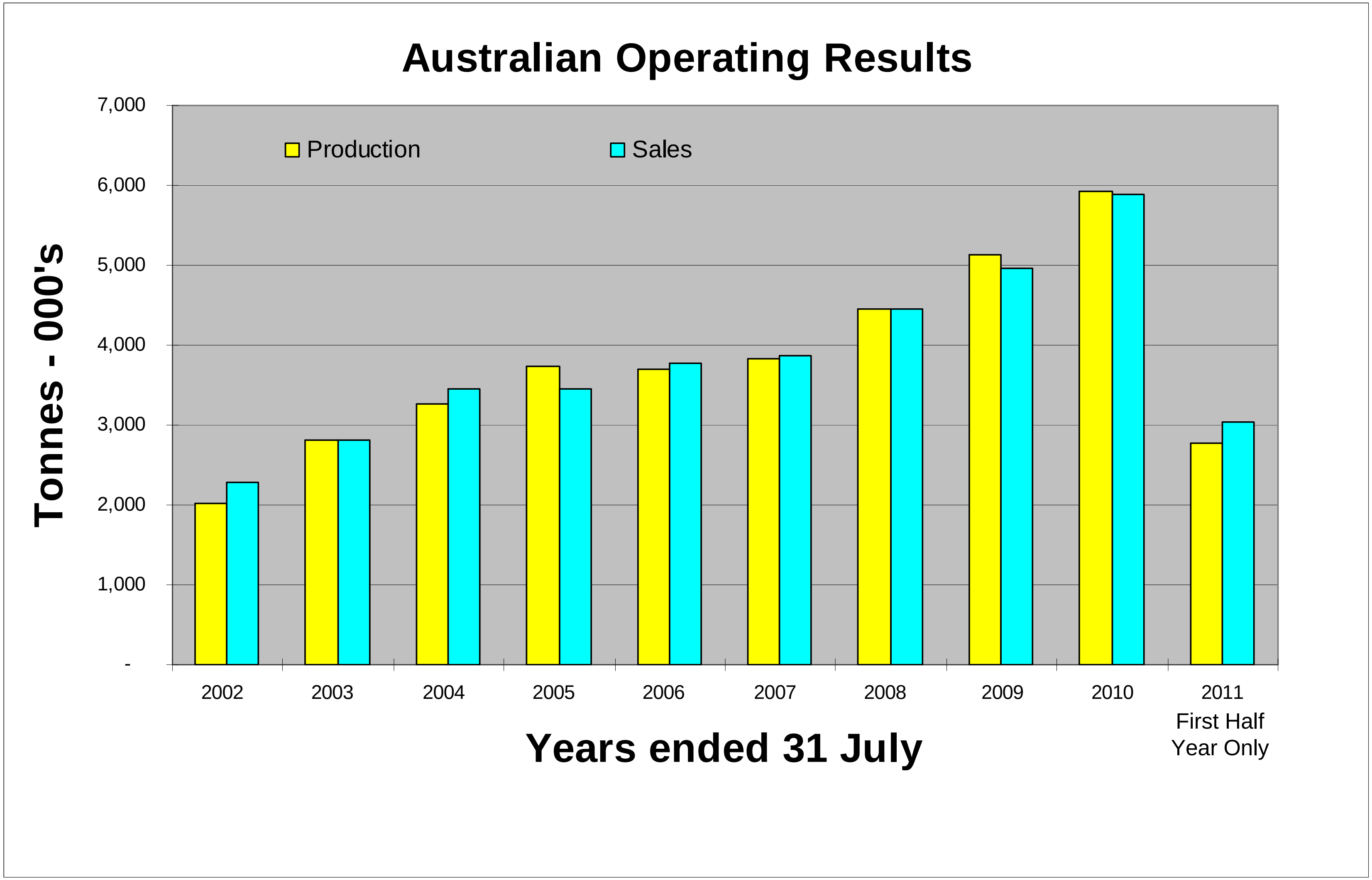
# Production & Sales Performance



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# Production Volumes

| | Six Months Ended 31 January (million tonnes) | | |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| New Acland | 2.246 | 2.215 | 1.4 % |
| New Oakleigh | 0.123 | 0.142 | - 13.4% |
| Jeebropilly | 0.400 | 0.458 | - 12.7% |
| **TOTAL** | **2.769** | **2.815** | **- 1.6%** |

Some wet weather impact December and January

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# Sales Volumes

| | Six Months Ended 31 January (million tonnes) | | |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| Export | 2.742 | 2.230 | + 23.0% |
| Domestic | 0.304 | 0.583 | - 47.9% |
| **TOTAL** | **3.046** | **2.813** | **8.3%** |

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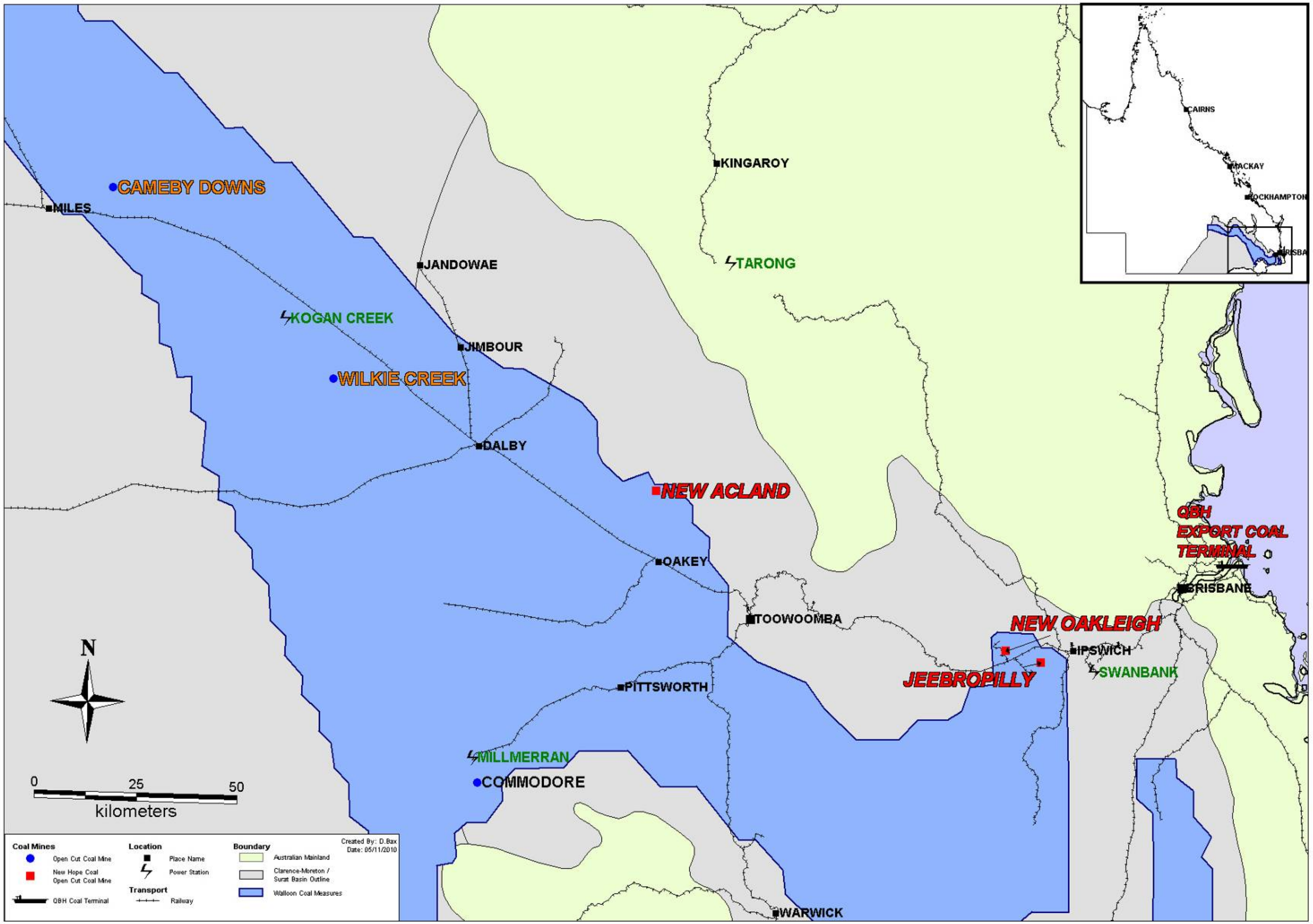
# First Half Production & Sales Tonnages

| | Six Months Ended 31 January (Tonnes 000s) | | |
|---|---|---|---|
| | **2011** | **2010** | **Change** |
| Raw Coal Production | 5,363 | 5,532 | - 3.1% |
| Saleable Coal Production | 2,769 | 2,815 | - 1.6% |
| Coal Sold | 3,046 | 2,813 | 8.3% |

# NHC Coal Mining Locations

## Location Map

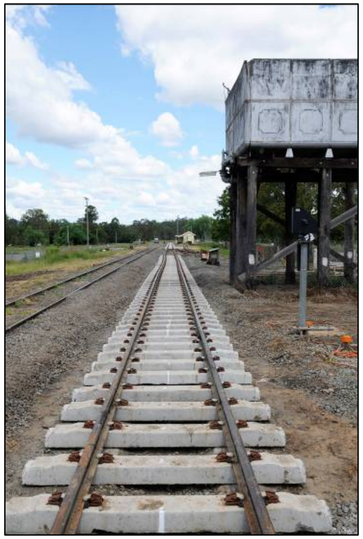


# Operations

## Impact of Floods – Rail Damage

# Operations

## Flood Recovery – Murphy's Creek & Range Tunnels



Murphy's Creek (week 6)

Range Tunnels (week 6)

Queensland Rail have revised the Estimated date for resumption of service to the

**28 March**

Range Tunnels (week 6)

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# Operations

## Flood Summary

- NHC mines not flooded and only suffered relatively minor rain delays;
- QBH not flooded, but delayed coal receivals;
- Significant flood damage to Acland rail infrastructure with estimated restart late March;
- Acland is continuing to operate, building up product and ROM inventories as well as overburden in advance, (making use of our balance sheet);
- Maximising limited shipments from West Moreton mines;
- Working with customers in order to minimise impacts wherever possible.

# QBH Port Facility

| | Half Year Ended 31 Jan 2011 (million tonnes) | Half Year Ended 31 Jan 2010 (million tonnes) | Year Ended 31 July 2010 (million tonnes) |
|---|---|---|---|
| Coal Throughput | 3.46 | 3.28 | 6.67 |

# QBH Port Facility

## Expansion Project

# QBH Port Facility

## Expansion Project Completed

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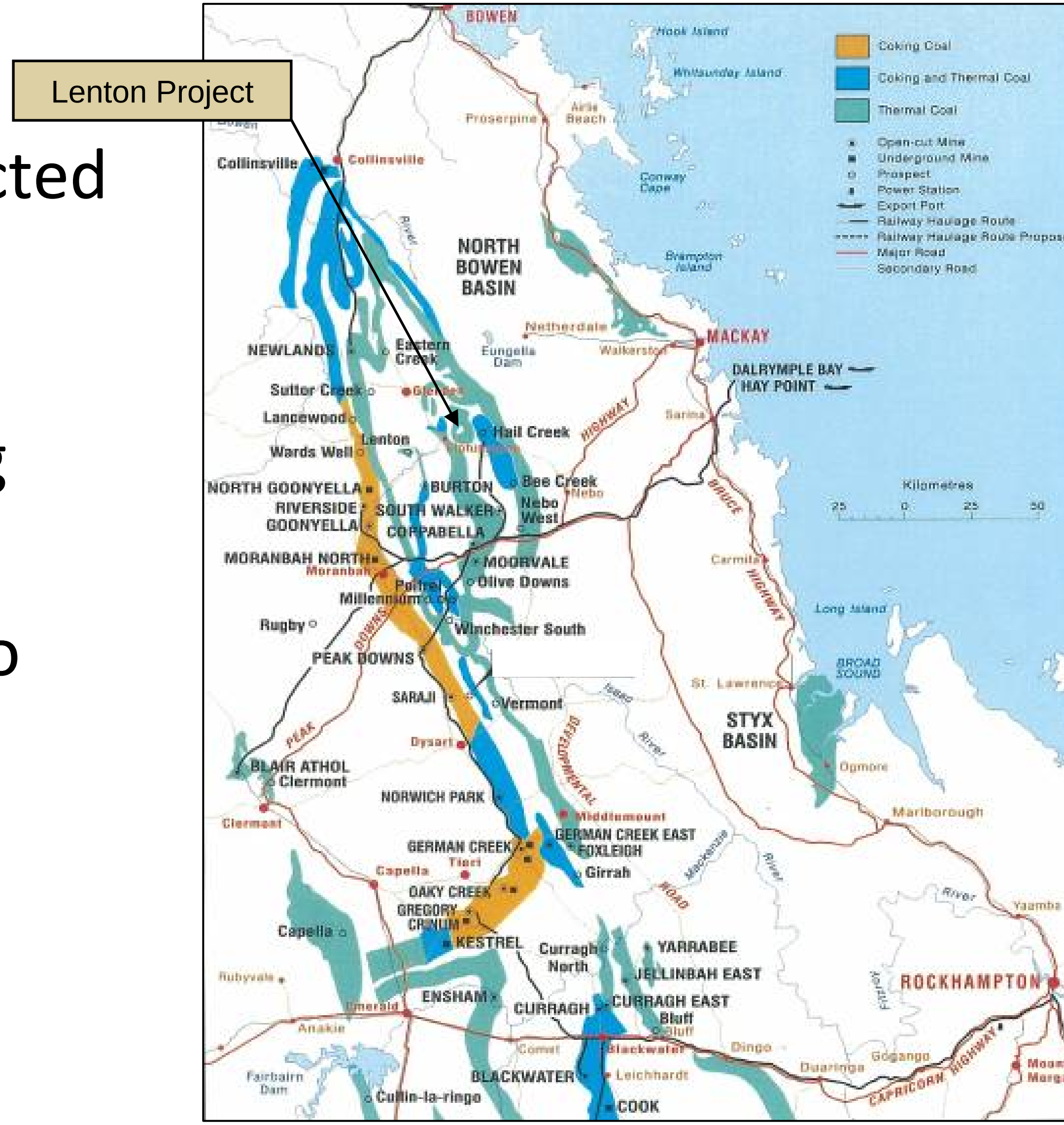
- New Hope currently holds majority control of NEC (80.8%);
- New members appointed to the Board on the 28 February;
- NEC management is providing briefings to the new Board and their delegates in order to ensure an efficient transition;
- Review of all activities underway, no activities stalled;
- 500,000 tonnes per year project remains the base case.

# Central Queensland

## Exploration Projects

- Wet weather impacted drilling and seismic surveys.
- Resource modelling being updated.
- Project continues to show promise.



# Rosevale

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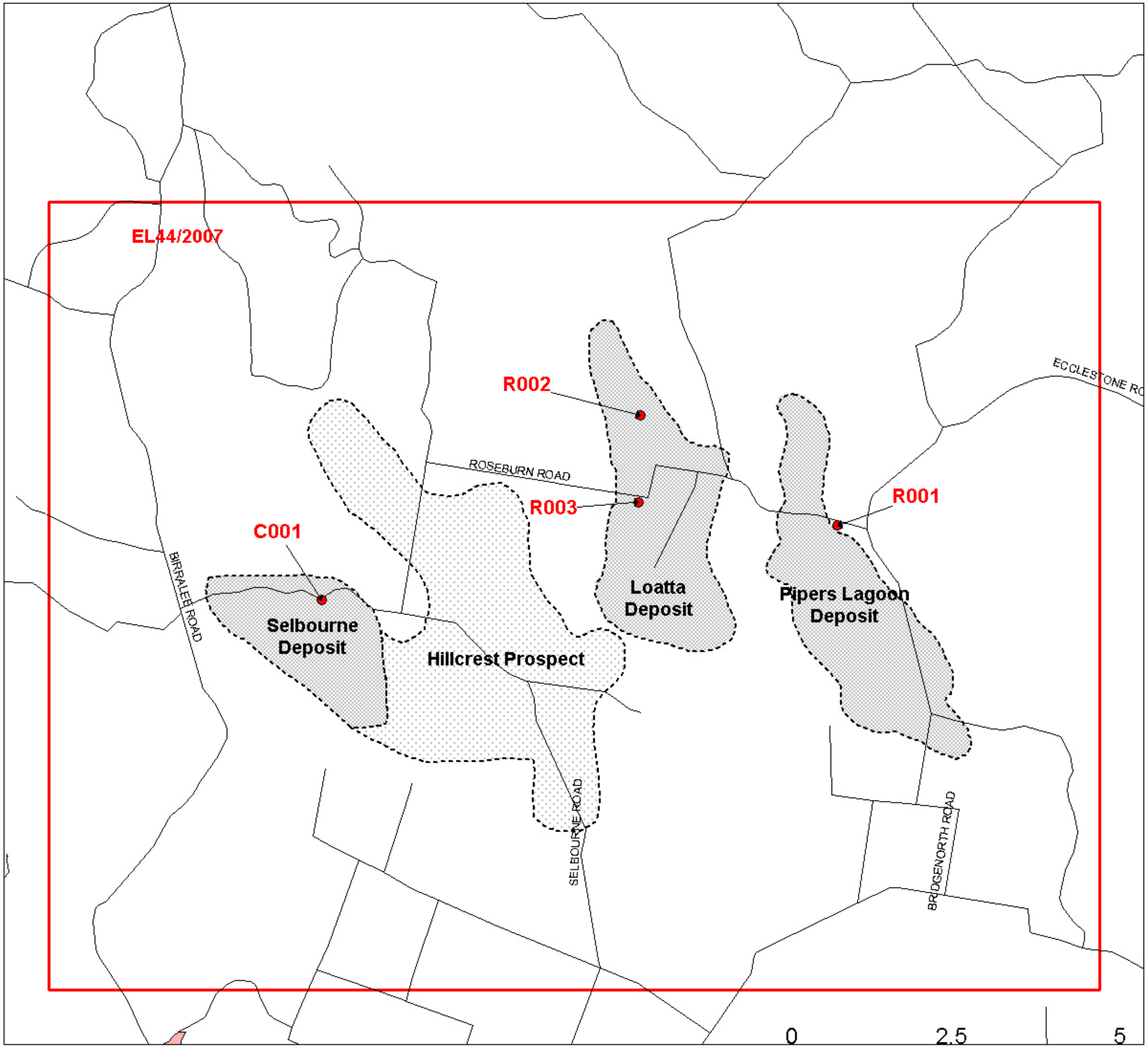
## Exploration 2010 – 2011 & Resource Summary

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**Rosevale EL44/2007**

2010-11 Drill Plan

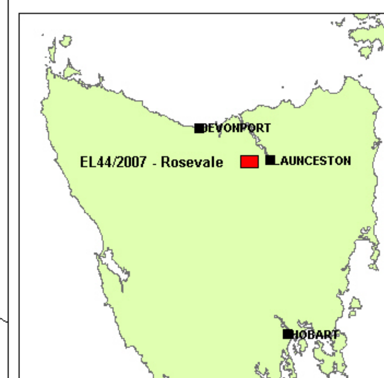
Created By: W. Nichols

Date: 16/03/2011

### Indicated Resources

| Deposit | (Mt) |
|---|---|
| Piper's Lagoon | 43 |
| Loatta | 72 |
| Hillcrest | - |
| Selbourne | 19 |
| **Total** | **134** |

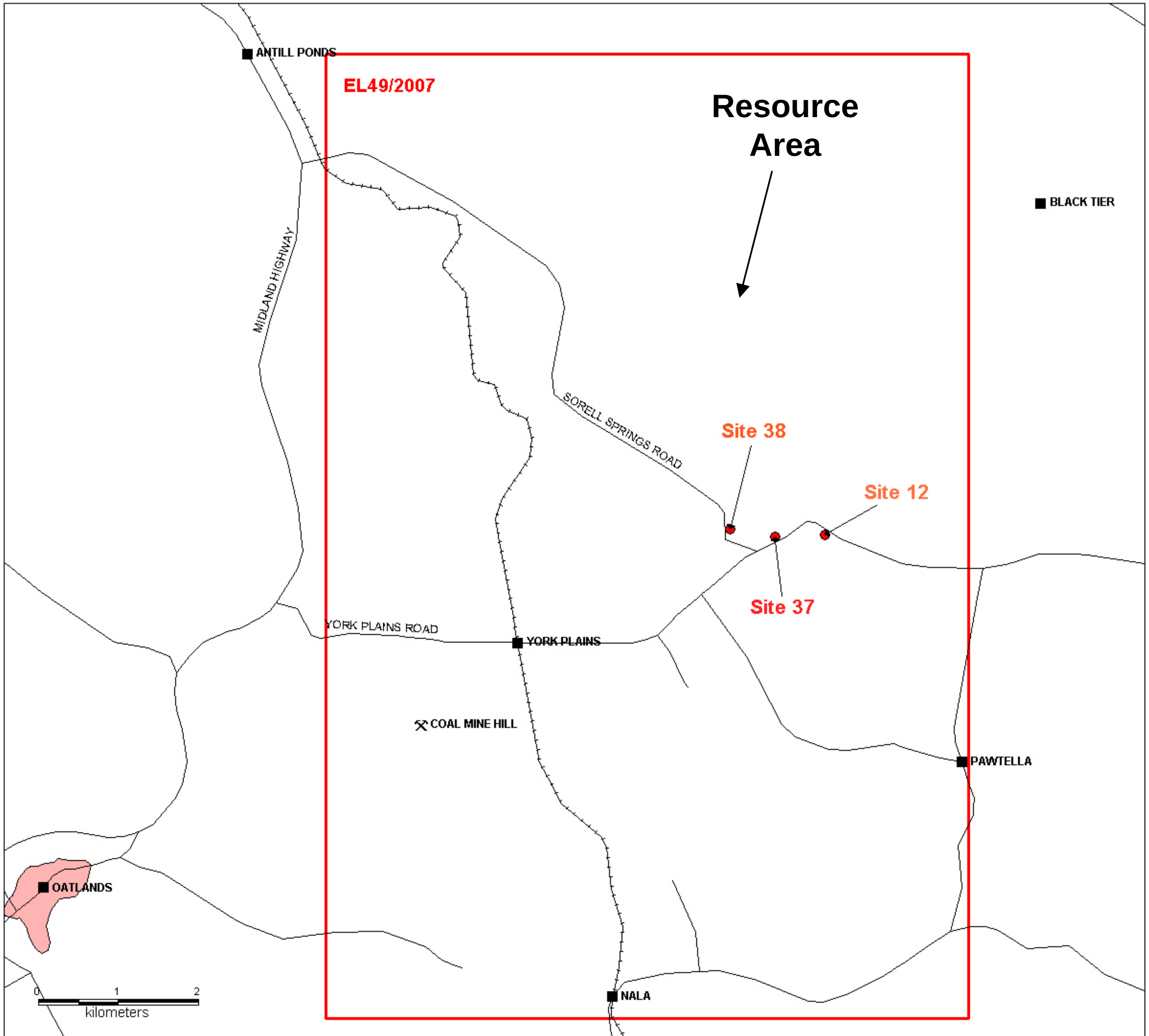
**Total No. Holes = 61**




Coordinate System: AGD84 Zone 55H

# York Plains

## Exploration 2010 – 2011 & Resource Summary





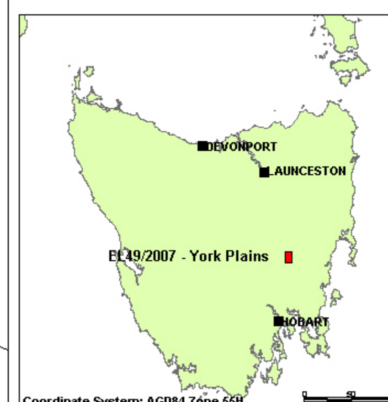
**York Plains Exploration**
2011 Drill Plan

Created By: W. Nichols
Date: 16/03/2011

### Indicated Resources

| Deposit | (Mt) |
|---|---|
| W seam | 7.8 |
| V seam | 2.0 |
| U seam | 33.4 |
| **Total** | **43.2** |

**Total No. Holes = 41**



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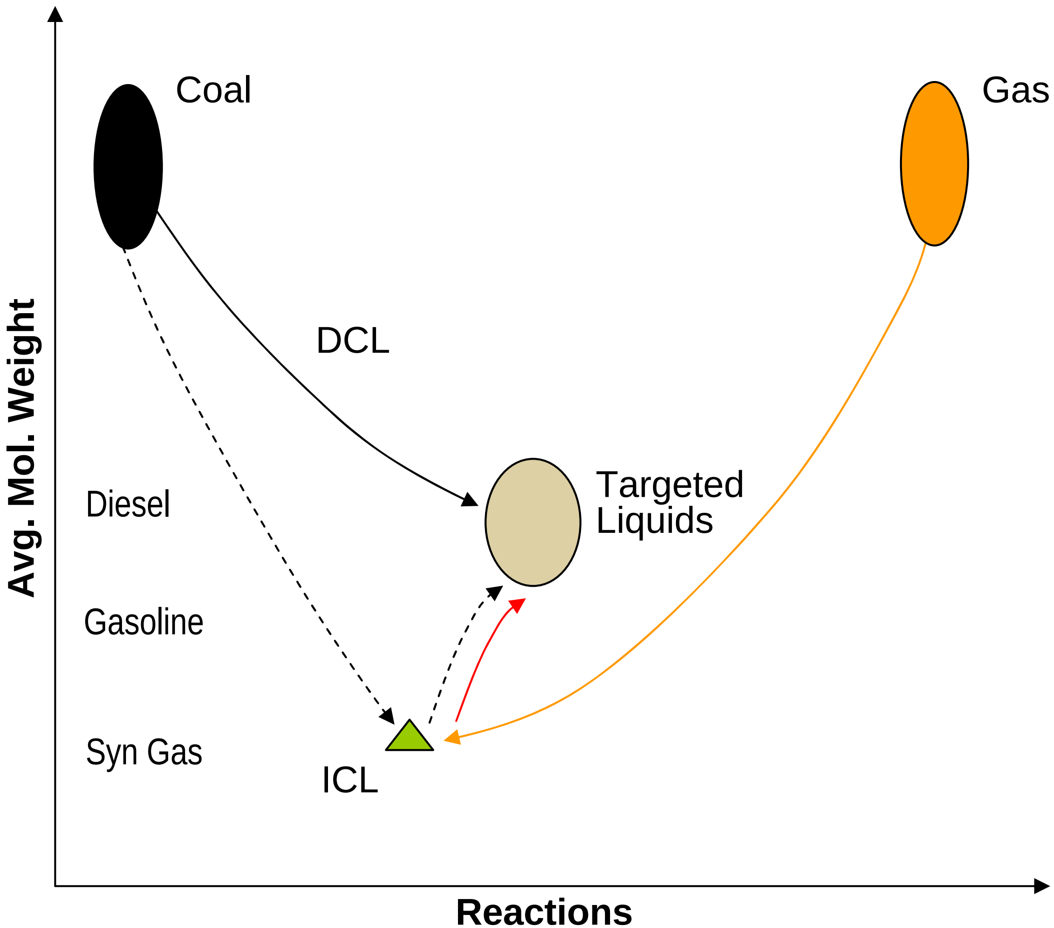
# Indicative Coal Qualities

| Rosevale | | | | | | |
|---|---|---|---|---|---|---|
| Deposit | Total Moisture % | Ash % ar | Volatile Matter % ar | Fixed Carbon % ar | Sulphur % ar | Calorific Value kCal//kg ar |
| Piper's Lagoon | 48.1 | 21.8 | 18.0 | 12.1 | 0.11 | 1815 |
| Loatta | 46.3 | 21.9 | 18.0 | 13.8 | 0.18 | 1815 |
| Selbourne | 46.4 | 23.7 | 18.0 | 11.9 | 0.13 | 1720 |

| York Plains | | | | | | |
|---|---|---|---|---|---|---|
| Seam | Total Moisture % | Ash % ar | Volatile Matter % ar | Fixed Carbon % ar | Sulphur % ar | Calorific Value kCal/kg ar |
| W | 5.0 | 54.4 | 10.1 | 30.6 | 0.20 | 2821 |
| V | 3.4 | 50.8 | 10.0 | 35.8 | 0.30 | 3444 |
| U | 3.7 | 39.2 | 11.2 | 35.1 | 0.26 | 3473 |

# Coal and Gas-to-Liquids Processes




**Gas to Liquids – CTL**
**Direct Coal Liquefaction - DCL**
**Indirect Coal Liquefaction – ICL**

# Coal-to-Liquids R&D Projects

## Summary of Current Technologies – Indirect CTL Technology

- Existing commercial (250kw) gasification plants (5+ years).
  - 5 & 50 Mw under design
- Liquefaction of gasified material for 20+ months.
- Detailed design for "POC" plant completed.
  - Third party reports completed
- Queensland Petroleum Facilities Licence granted.
- "POC" plant manufacture underway.
- Likely plant commissioning (2Q 2012).

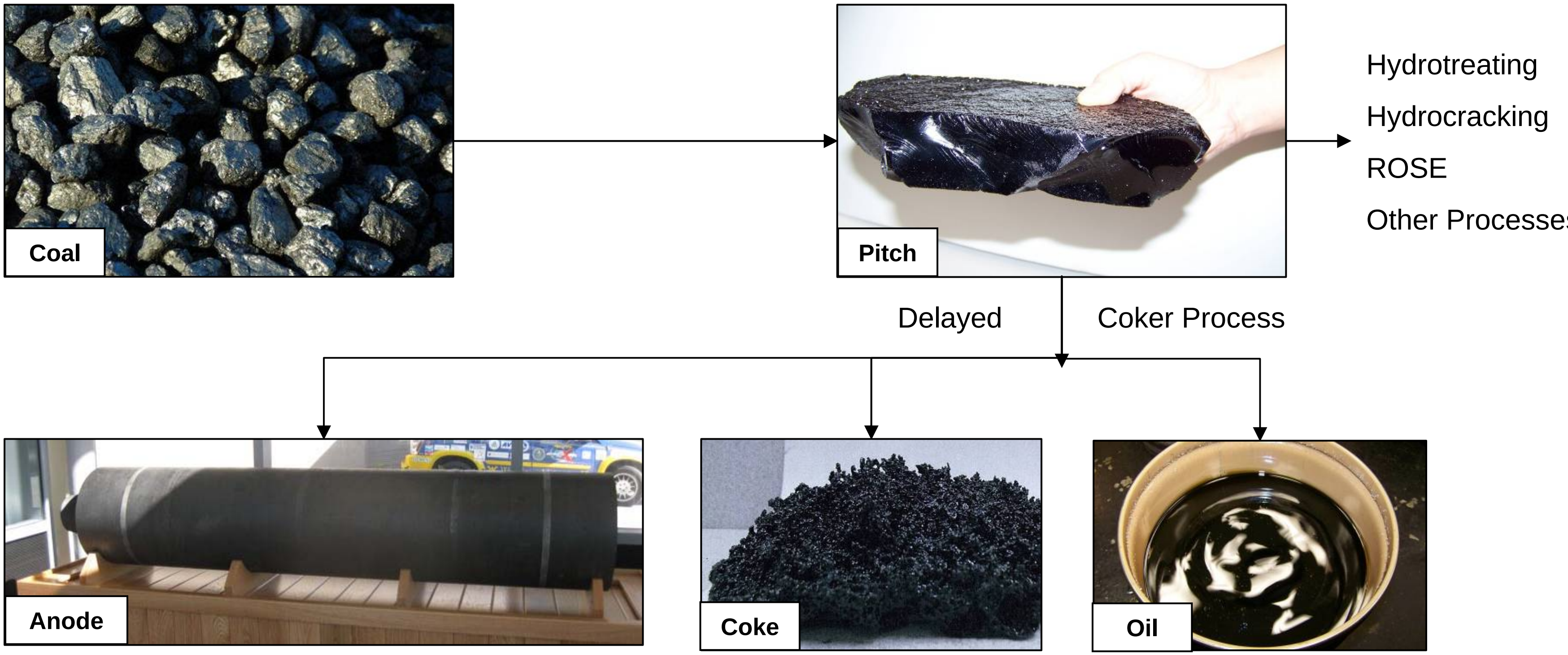
# Coal-to-Liquids R&D Projects

## Indirect Gasification

0.5 TPH Prototype Gasification Unit with First Stage Gas Clean Up

# Coal-to-Liquids R&D Projects

## Direct Coal Liquefaction Process



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# Coal-to-Liquids R&D Projects

## Direct CTL Technology Status

- Large Bench Scale Testing:
  - Pitch (completed);
  - Synthetic Crude Oil (completed);
  - Synthetic Metallurgical Coke (completed);
  - Production of Anode and Needle Coke (proven).
- Detailed engineering for “POC” Plant (completed);
- Construction engineering evaluation underway;
- Likely POC construction commencing in second half calendar 2011.



Quantex Energy Inc.

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# Coal-to-Liquids R&D Projects

## Preliminary CTL Financial Comments

- Total NHC CTL project expenditures to end 2010 approximately $4 million.
- Proposed 2011 - 2012 expenditure approximately $35 million.
- NHC-CTL capital efficiency is modest but lower risk.
  - Indirect $40 - 50,000 per barrel stream day?
  - Direct $20 - 40,000 per barrel stream day?
  - Scale dependant.
- Preliminary capital cost estimates likely to be 20 - 40% lower than Canadian Tar Sands projects.
- Indicative break even opex US $45 - 55 / barrel oil.

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# Outlook

- Second half sales tonnage and profitability wil be negatively impacted by rail unavailability and now the uncertainty of the Japanese earthquakes.
- Currently impossible to specifically quantify impacts due to:
  - Ramp-up capacity of QR following recovery post 28 March;
  - Shipment schedules, legacy volumes and unknown new contract prices.
- Cost curve continues to shift upwards.
  - Government approval processes increasingly difficult, expensive and time consuming;
  - Access to land for exploration is increasingly difficult;
  - Infrastructure availability is increasingly costly;
  - Increasing Government induced delays to turn resources into reserves and following this into production tonnes in reasonable timeframes.
- Significant increase in contract prices for all coal types expected this year.
- The value of established producers to expand production in a timely manner will continue to increase.
- Continue the development of the broader energy segment.
- Advance Acland Expansion and Lenton development projects.
- Review potential development schedule of NEC projects.

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# An Independent Energy Alternative