NEW HOPE CORPORATION LIMITED

QUARTERLY ACTIVITIES REPORT

31 July 2011

	3 Months to 31/07/11 Tonnes 000's	3 Months to 31/07/10 Tonnes 000's	Change	Year ended 31/07/11 Tonnes 000's	Year ended 31/07/10 Tonnes 000's	Change
Raw Coal Production	3,122	3,248	- 4%	11,043	11,633	- 5%
Saleable Coal Production	1,612	1,706	- 6%	5,643	5,921	- 5%
Coal Sold	1,748	1,604	+ 9%	5,647	5,878	- 4%
QBH Export Throughput	2,314	1,827	+ 27%	6,522	6,668	- 2%

COAL OPERATIONS

Operations have recovered well from the high rainfall and flood events of the previous two quarters. Raw coal production was increased at 3.122 million tonnes. While this was 4% down on that achieved during the corresponding period in 2010, it represented a solid recovery post the previously reported 11 week flood induced rail outage. Raw coal production at New Acland (2.665 million tonnes) was in fact at record levels for a single quarter.

A combination of high opening inventory levels and good railing performance, resulted in coal sales of 1.748 million tonnes, 9% above that of the corresponding period in 2010 and 105% above that of the flood impacted previous quarter.

QBH export throughput was increased to 2.314 million tonnes up 27% over the corresponding period in 2010. This was also a quarterly record performance for QBH with performance over the past two months reflecting an annual throughput rate of over 9.0 MTPA.

Full year coal sales were 5.647 million tonnes, down 4% on 2010 performance. This was directly due to the rain and flood impacts earlier in the year. Despite this, export sales were in excess of 5 million tonnes for the first time.

EXPLORATION

During the quarter ground conditions improved significantly allowing the ongoing exploration program to ramp back up to more normal levels. A total of 4,730 meters of drilling was completed during the quarter (all at New Lenton), bringing the full year total to 53,117 meters.

New Lenton

Drilling resumed after the prolonged wet with exploration focussing on coal quality and structural definition of the project area. Preparations were also made for further 2D seismic surveys. Additional intersections of coal have been found in the Girrah seam within the planned open cut mining area.

New Acland

No drilling was undertaken during the quarter, however, preparation for the 2012 program commenced.

West Moreton

No exploration was undertaken during the quarter.

New Projects

Bringalily

During March and April 2011 ten open holes were drilled for a total of 919 meters.
Only minor coal seams were intersected.

Five geophysical induction survey lines totalling 10.1 kilometres were previously completed over the expected sub-crop of the Lower Walloon Coal Measures in the east of the tenement. The results of these two programmes are being evaluated.

Tasmania – Rosevale and York Plains

The analysis and testing of samples derived from the exploration program undertaken earlier this year at Rosevale and York Plains is well underway. Results to date are under review and once complete will determine any further work program. No further drilling was undertaken during the period.

Other

New Hope still has two areas in northwest Queensland under EPM application. They are not expected to be granted until next calendar year.

Preparation for an exploration program on EPM 1852 (Yanco) has commenced. It is anticipated that this program consisting of 5 core holes will be completed during the next quarter.

BUSINESS DEVELOPMENT

Coal-to-Liquids

Progress on the coal and carbon conversion technologies continues in a positive manner. The indirect conversion technology design using pyrolysis gasification is complete and the manufacture of a "Proof of Concept" (POC) plant has commenced in California, USA. All long lead time items have been ordered and commissioning at our Petroleum Facilities Licensed area at the Jeebropilly mine site remains on schedule for July 2012. This schedule will be dependent on the long lead time items being delivered on time.

The Quantex direct liquefaction process evaluation continues. The chemical testing is ongoing and the initial engineering studies are completed. Management has decided to refine the process design with new test data into an upgraded test facility before committing to a POC plant to minimise plant performance risk. This process will likely result in a six month delay in the original schedule for testing a POC plant to mid 2013. However there is likely to be only a minimal delay in achieving a pilot plant operation.

MERGERS AND ACQUISITIONS

Northern Energy Corporation (NEC)

Since the last quarterly report New Hope has completed a strategic review of the status of the NEC project portfolio. The key aspects are:

- Continue with the Colton coking coal project development approvals activities based on a production rate of 0.5 MTPY.
- New drilling data indicates the maximum potential size of a potential Stage 2 Colton mine is about 2.0 MTPY.
- A Native Title agreement with the Butchulla people has been agreed.
- A Coal Seam Gas Co-development agreement has been reached for the proposed Colton Mine.
- The Wiggins Island Coal Export Terminal documentation continues with NEC funding its capacity obligation.
- Engineering evaluation of the Elimatta project for a mine of 5.0 MTPY capacity with appropriate infrastructure continues.
- New Hope Corporation has agreed to provide short term debt funding to NEC for a maximum term of 12 months.

On 29 August 2011 New Hope lodged an unconditional off market takeover offer for the outstanding shares in NEC that it doesn't already own. Further details regarding the offer are available in the bidders statement lodged with ASX on 29 August 2011.

As at the close of NEC's share register on 29 August 2011 New Hope held a relevant interest in 94.7% of NEC's shares.

Lenton Joint Venture

During the quarter the parties satisfied the majority of conditions necessary to finalise the sale and enter into the Joint Venture Agreement. Most significantly Formosa Plastics Group has agreed to the delineation of JORC resources exceeding 200 million tonnes, and all necessary government approvals have been obtained.

It is currently expected that the sale transaction will be completed in September 2011.

FULL YEAR PROFIT GUIDANCE

The company advises that its net profit after tax for the year ended 31 July 2011 is expected to be in the range of $498m to $503m (up from $184m in 2010). The result for 2011 includes non-recurring items in relation to:

- the gain on the sale of Arrow Energy;
- the gain on the sale of a 10% interest in the New Lenton project;
- an impairment in the carrying value of the investment in Westside Corporation; and,
- an impairment in the carrying value of the investment in Planet Gas.

Net profit after tax and before non-recurring items is estimated to be in the range of $145m to $150m. New Hope’s full year results will be announced to the market on or about Tuesday, 20 September 2011.