New Hope Corporation Limited

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New Hope maintains focus on productivity and cost management to deliver profit before tax of $93.2 million for HY2013

Key Highlights

- Net profit before tax of $93.2 million for HY2013, driven by a strong focus on operational efficiencies and despite the adverse impact of weaker export prices, the higher Australian dollar and lower production volumes.
- Profit was lower on an after tax basis due to a one off tax benefit in the prior half year which largely offset income tax expense from recurring operations. [1]
- Significant cost savings realised, with production costs 11.7% lower on a per tonne basis than the previous corresponding period.
- Successful acquisition of Bridgeport completed, signalling New Hope's diversification into oil and gas production in order to partially offset weaker coal prices.
- New Hope remains well positioned to weather the current downturn in the broader coal sector with further cost reduction initiatives planned.
- Fully franked interim dividend of 6.0 cents per share declared by the directors.

Financial Overview

	HY2013	HY2012
Revenue	$322.9 million	$388.5 million
Net profit before tax	$93.2 million	$101.8 million
Net profit after tax	$68.8 million	$101.1 million
Coal mining and logistics operations (before tax)	$59.5 million	$55.6 million
Treasury and investments (before tax)	$33.7 million	$46.2 million
Earnings per share	8.3 cents	12.2 cents
Dividend	6 cents per share	6 cents per share
ROM coal production	5.8 million tonnes	6.1 million tonnes
Clean coal production	3.0 million tonnes	3.2 million tonnes
Coal sold	2.7 million tonnes	3.1 million tonnes

[1] Please refer to the 'HY2012 – HY2013 Financial Results Comparison Table' at the end of this announcement for further detail

Diversified energy company New Hope Corporation Limited (ASX: NHC) ('New Hope' or 'the Company') announces a net profit before tax of $93.2 million for the six months to 31 January 2013 (HY2013). This result is driven by management's continued focus on initiatives to improve operating efficiencies and to maximise margins in the face of ongoing downturn in global coal markets.

As foreshadowed at the Company's Annual General Meeting in November 2012, the operating result for HY2013 was lower than HY2012, due to:

- lower export thermal coal prices;
- higher AUD:USD exchange rate; and
- increasing pressure on offsite transportation costs, including rail costs on a per tonne basis.

Management has committed to an extensive cost reduction program to improve operating efficiencies and to maximise margins. To date this program has delivered a significant reduction in operating costs at all sites, with production costs on a per tonne basis 11.7 per cent lower than the previous corresponding period. The Company has further cost saving initiatives currently in the planning or implementation phase.

Directors have declared a fully franked interim dividend of 6.0 cents per share to be paid on 1 May 2013 to shareholders on the Company register as at 15 April 2013.

New Hope Managing Director and CEO, Rob Neale, said: *"Our continued emphasis on cost management has helped New Hope to remain profitable and to withstand many of the external headwinds affecting the sector. Management will continue to focus on operational efficiency and prudent fiscal management to ensure the Company is well positioned to weather the current downturn in global coal markets and take advantage of future improvements in market conditions.*

"The first half of the 2013 financial year also saw the first revenue contribution from Bridgeport Energy. We are optimistic of further growth from Bridgeport's operations and will continue to explore opportunities to increase New Hope's exposure to the oil and gas sector."

Operations

During HY2013, clean coal production totalled 3.0 million tonnes and export sales totalled 2.7 million tonnes, a decrease of 5.2 per cent and 13.4 per cent respectively. Lower clean coal production was attributed to a planned shutdown period in December - January, as well as the impact of unusually high rainfall during the period. Export sales were lower than the record figure in the previous corresponding period due to deferrals in customer shipping schedules.

Significant cost savings were realised across all production sites due to management's ongoing focus on cost management and improving operational efficiencies.

The Acland mine continued to deliver exceptional productivity, with 2.4 million tonnes of coal produced, while the West Moreton operations produced 0.64 million tonnes of coal representing a 2 per cent increase compared to HY2012.

At New Hope's Queensland Bulk Handling (QBH) facility, the shiploader upgrade was finalised and 4.2 million tonnes of coal was exported through the QBH coal terminal.

Diversification into oil and gas

New Hope completed the acquisition of Bridgeport Energy in August 2012.

Highlights of Bridgeport's operations since the acquisition was completed include:

- attributable oil production of 16,833 barrels; and
- after the end of HY2013, intersection with oil in all six holes drilled at Inland and Utopia. These wells were completed for production and will be brought online over the next quarter.

The acquisition of Bridgeport provides the company with diversification benefits outside of thermal coal production and will deliver more attractive margins than coal operations over the coming six months. Through Bridgeport, New Hope plans to accumulate additional oil and gas tenements with existing or near-term production possibilities.

Exploration

During HY2013, 14,855 meters were drilled across New Hope's operations. Exploration highlights included:

- **Lenton (EPC 766, EPC 865 and ML 70337**): The 2012 drilling program aimed at structural definition in the potential open cut area was completed with 6,465 meters drilled.
- **Maryborough (EPC 923):** The drilling program to support the first three years of mining was completed which has facilitated the commencement of pilot scale coke oven testing.
- **Bee Creek (EPC 777):** The 2012 drilling program has been completed with all holes rehabilitated.
- **Ashford (EL6234):** Seven chip holes were drilled during the period representing 716 meters.

Development

The Company continued to progress various development projects during HY2013, however current market conditions have led to the rescheduling of some project timelines. Development highlights included:

- **New Acland Continuation Plan:** Extensive consultation with all key stakeholders resulted in the Queensland Government accepting a revised proposal for the continuation of the Acland operations.
- **Elimatta:** An updated Environmental Impact Statement was lodged in November 2012 and has been released for public comment, with a submission deadline of 21 March 2013.

Alternative energy activities

New Hope's coal-to-liquid projects have continued with progress made on both the direct and indirect liquefaction technologies. Highlights of the projects included:

- **Jeebropilly:** Construction of the indirect liquefaction plant is nearing completion with the bulk of the liquefaction module delivered to site in January 2013.
- **Quantex:** Dry commissioning of the direct liquefaction plant was completed with wet commissioning scheduled to occur over the next quarter.

Outlook

The Company anticipates that weak thermal coal markets and a resilient exchange rate will have a negative impact on revenue and margins in the second half of the 2013 financial year. Coal production for the full year is expected to be in the range of 5.8 million to 6.0 million tonnes.

Given the ongoing downturn in coal markets, New Hope plans to:

- remain focused on responsible cost reduction initiatives to protect margins;
- continue to seek out attractive acquisition opportunities; and
- grow the scale of the oil, gas and energy business through development and acquisition.

Due to prudent steps taken by management to reduce costs and increase productivity, the Company is well positioned to weather the current downturn in coal markets. New Hope has a strong balance sheet and a growing exposure to diversified energy markets, presenting a range of potential growth opportunities.

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HY2012 – HY2013 Financial Results Comparison Table

Consolidated Results	Jan 2013 $000	Jan 2012 $000	% Change
Revenue from operations	322,890	388,450	- 16.9%
Profit before income tax (before non-recurring items)	93,200	135,204	- 31.1%
Impairment of goodwill	-	33,387	
Profit before income tax (after non-recurring items)	93,200	101,817	- 8.5%
Profit from ordinary activities after income tax (before non-recurring items)	68,795	99,212	- 30.7%
Impairment of goodwill	-	33,387	
Tax benefit from deferred tax liability recognised on acquisition	-	(35,236)	
Profit from ordinary activities after income tax (after non-recurring items)	68,795	101,061	- 31.9%
Basic earnings per share (cents) (before non-recurring items)	8.3	12.0	- 31.0%
Impairment of goodwill	-	4.0	
Tax benefit from deferred tax liability recognised on acquisition	-	(4.2)	
Basic earnings per share (cents) (after non-recurring items)	8.3	12.2	- 32.1%

The above table illustrates the affect of accounting entries resulting from control of Northern Energy Corporation Limited being obtained in the 2010/11 year and 100% ownership occurring in the 2011/12 year. On an after tax basis, profit was lower due to having a one off tax benefit in the prior half year which largely offset income tax expense from recurring operations. The table above will allow a clearer understanding of the result reported in the financial statements and more appropriate comparisons to be made between the 2012 and 2013 financial results.

The profit before non-recurring items and the earnings per share before non-recurring items detailed above have not been reviewed in accordance with Australian Auditing Standards.

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