

ASX RELEASE

New Hope Corporation Limited FYE 2014 Financial Results

23 September 2014

New Hope delivers strong operational performance in FY2014; remains focused on low-cost production to manage current market conditions

FY2014 Result Overview

- Net profit after tax (NPAT) of \$58.4 million for the year ended 31 July 2014 (FY2014), a 21.2% decrease on the previous corresponding period
- Financial result impacted by lower export coal prices and high Australian dollar
- Coal mining and logistics operations remain profitable
- Focus on low cost production positions New Hope strongly for an improvement in market conditions in the medium term
- Final dividend of 2.0 cents per share and special dividend of 3.5 cents per share (both fully franked) declared
- Strong financial position maintained with cash and cash equivalents of \$1.1 billion at 31 July 2014
- New Acland Coal Mine Stage 3 approvals continue to advance positively

	FY2014	FY2013
Revenue	\$549.0 million	\$652.1 million
NPAT	\$58.4 million	\$74.1 million
NPAT from Coal mining and logistics	\$10.8 million	\$80.7 million
NPAT from Oil operations	\$3.4 million	(\$0.3) million
NPAT from Treasury and investments	\$44.3 million	(\$6.3) million
Earnings per share	7.0 cents	8.9 cents
Total fully franked dividends per share	11.5 cents	16.0 cents
Clean coal production (tonnes)	5.6 million	5.8 million
Coal sales (tonnes)	6.0 million	6.0 million

Diversified energy company New Hope Corporation Limited (ASX: NHC) ('New Hope' or 'the Group') announces NPAT of \$58.4 million for FY2014.

The financial result was achieved against a backdrop of ongoing difficult market conditions for the coal sector, with New Hope's continued focus on cost efficiencies ensuring its coal operations remain profitable.

The FY2014 profit result was lower than FY2013, in line with expectations, due to the impact of:

- Significantly lower export coal prices
- The AUD:USD exchange rate remaining high during the financial year
- Decreased revenue from continuing operations (15.8 per cent lower than FY2013)

New Hope's FY2014 NPAT result displayed the Group's diversity of earnings, with contributions from investments (\$44.3 million) and oil operations (\$3.4 million) alongside the \$10.8 million from coal mining, marketing and logistics operations.

New Hope's Board of Directors declared a final dividend of 2.0 cents per share and a special dividend of 3.5 cents per share (both fully franked), to be paid on 4 November 2014 to shareholders on the New Hope register as at 21 October 2014.

New Hope's Chief Executive Officer, Shane Stephan, said: "The cyclical downturn in market conditions for Australian coal producers continued throughout FY2014. Significant falls in export coal prices, combined with a stubbornly high AUD:USD exchange rate, meant New Hope's focus remained on the tight control of costs, whilst also steadily advancing Project approvals, to position the Group for growth when market conditions improve.

"New Hope's strong balance sheet provides the financial strength to not only weather the current downturn, but also to take advantage of these conditions by exploring asset acquisition opportunities at a time when valuations are becoming more compelling.

"New Hope's diversification of earnings, low cost of production and strong financial position means it is well placed to continue to deliver shareholder value despite the expected continuation of weak export coal prices in FY2015."

Mining operations

New Hope produced 5.6 million tonnes of clean coal during FY2014, lower than the 5.8 million tonnes produced in FY2013 due to the planned cessation of mining at New Oakleigh following the recovery of all economic coal reserves. Combined FY2014 production at New Acland and Jeebropilly was 1.5 per cent higher than in FY2013.

Export sales for the year were 6.0 million tonnes, which included trade coal sales of 0.3 million tonnes and was equal to the total sales figure for FY2013.

The management of on-site costs continued to be a focus for New Hope in FY2014, and the Group remains one of the lower cost coal producers in Australia. A range of initiatives, including changes to the operational structure, a reduction in work hours and scheduled operational shut downs were successful in delivering further efficiencies.

Coal production at New Acland totalled 4.9 million tonnes in FY2014, an increase of 0.2 million tonnes on FY2013. Productivity at New Acland was strong with improvements achieved across a number of key processes during the year.

West Moreton operations, comprising the Jeebropilly mine and the New Oakleigh and Chuwar rehabilitation sites, produced 0.7 million tonnes of coal in FY2014 compared to 1.1 million tonnes of coal in 2013. The reduction in coal production was due to the planned cessation of mining at New Oakleigh, which produced 0.3 million tonnes of coal in FY2013, and the change of rosters at Jeebropilly in the first half of FY2014. A full organisational review at West Moreton was completed and resulted in operational changes and a reduction in workforce numbers. Rehabilitation works at New Oakleigh and Chuwar progressed well, with further work planned in FY2015.

New Hope's i-Safe/We-Safe behavioural safety program was implemented and expanded during FY2014, with all full-time and regular contractors undertaking the training in this cultural change program.

Bridgeport Energy

Bridgeport Energy continued to increase oil production during FY2014, to a total of 116,945 barrels.

The organic growth of Bridgeport's production and exploration portfolio continued through the year. The acquisition of Arrow Energy's interest in ATP752 and PL303, which delivered a 15 per cent interest in the producing Cuisinier oilfield in the Cooper Basin, was completed and integrated into the portfolio.

Development drilling at Bridgeport's production assets continued with two new wells at the Utopia field (where Bridgeport holds an interest of 60 per cent) and four new wells at the Cuisinier field successfully completed.

Queensland Bulk Handling

Queensland Bulk Handling (QBH), New Hope's 100 per cent owned multi-user coal terminal at the Port of Brisbane, exported 7.86 million tonnes of coal on 100 vessels during FY2014. This was 0.9 million tonnes lower than the FY2013 total, predominantly due to the closure of Peabody Energy's Wilkie Creek mine in late 2013 and the resulting reduction in throughput.

Pastoral operations

New Hope has developed a comprehensive five-year plan for Acland Pastoral in conjunction with Rural Consulting Service, one of Australia's leading agricultural firms. The plan focuses on time-controlled grazing and was implemented during FY2014.

During the year, drought conditions limited cropping activity. A pivot irrigation system was commissioned to improve the consistency and yields of cropping activities.

The drought conditions also impacted New Hope's cattle herd, with head numbers decreasing from 2,460 to 1,894. During FY2014, 1,948 head were sold and 1,335 head purchased.

FY2015 will see further analysis of cattle trials on rehabilitated land, focusing on soil structure and water holding capacity, the volume, diversity and quality of pastures, and the various age of pastures. Results of the trials have been encouraging to date.

Alternative Energy Activities

New Hope continued to advance projects relating to both carbon and indirect liquefaction conversion technologies during FY2014.

Construction of the Jeebropilly coal-to-liquid proof-of-concept plant continued and initial gas commissioning occurred during FY2014. Design of the final component, the liquefaction module, has been completed, but a decision to begin construction will be made following the results of an external technical and commercial review. The review is underway and results are expected in early FY2015.

Development Projects

New Hope continued to progress approvals for the revised New Acland Coal Mine Stage 3 Project during FY2014 and remains committed to the New Acland Continuation Plan as a priority. An Environmental Impact Statement (EIS) for the revised Project was submitted and opened for public comment in March 2014. Following this, New Hope submitted its response to the public and agency feedback to the Coordinator-General. The Coordinator-General will now prepare an Evaluation Report, which is expected in late 2014

The New Acland Community Reference Group engaged with the community throughout the year and allocated funds to local community projects through the Community Investment Fund.

Project front-end engineering and design (FEED) studies on mine site infrastructure have been completed in preparation for construction activity to commence in 2016, subject to State and Federal approvals.

New Hope is working to deliver certainty to employees, shareholders, the community and other stakeholders for the long-term future of the New Acland operations in an environmentally and socially acceptable way. New Hope's plans for New Acland aim to achieve a balance between agricultural and mining activities.

Other development activities in FY2014 included:

- At Lenton, baseline studies for the EIS were completed during the year and development of the full study progressed. The Final Terms of Reference for the EIS were received during the year.
- At Colton, the Environmental Management Plan was revised and submitted to the Department of Environment and Heritage Protection in May 2014. A draft EA has been subsequently approved.
- At Elimatta, a Supplementary EIS was submitted and was accepted by the Department of Environment and Heritage Protection. Work has now commenced on an updated Environmental Management Plan, which is planned for submission in FY2015.

Exploration

New Hope continued a focused exploration program during FY2014, concentrating on resource definition for the revised New Acland Coal Mine Stage 3 Project and in the Bowen Basin (Lenton, Bee Creek and Yamala). The Group drilled a total of 22,104 metres during the year.

Outlook

New Hope anticipates the current challenging market conditions to continue in FY2015.

Global demand for thermal coal remains strong, but oversupply will continue to depress spot thermal coal prices in FY2015. In the medium-term, we expect demand for high-quality export coal to continue to grow, particularly from expanding Asian economies, while significant new supply is unlikely given the current downturn.

As a result, New Hope will continue to focus on safe and efficient coal production in FY2015, while preparing the Group for the expected, gradual recovery in spot thermal coal prices in the coming 12-18 months.

The revised New Acland Coal Mine Stage 3 Project remains a key part of the Group's preparation for an upturn in market conditions. New Hope will continue to work with the relevant authorities, and in consultation with the community, to advance approvals in FY2015. If the Acland expansion is not approved, current reserves would be depleted during 2017 at current mining rates.

Total coal production for FY2015 is expected to be in line with total production for FY2014, with the potential for a modest increase at New Acland. Rehabilitation works will continue at the West Moreton operations during the year.

New Hope has maintained its strong financial position, entering the financial year with cash and cash equivalents of \$1.1 billion.

The Group's balance sheet provides the capacity for asset acquisitions to support New Hope's long-term profitability, and it is actively assessing opportunities. The Group remains well-placed to take advantage of attractive opportunities created by current market conditions.

New Hope continues to adopt a longer-term view of global coal markets and, as a low-cost producer, is well positioned to withstand the current downturn in spot thermal coal prices. This approach means the Group will maintain prudent expenditure on exploration and approvals to allow new capacity to be brought on-line when conditions improve.

(ends)

For further information, please contact:

Investors/Analysts

Robert Millner	Chairman, New Hope Corporation Limited	+61 2 9232 7166
Shane Stephan	Chief Executive Officer, New Hope Corporation Limited	+61 7 3418 0500

Media

Lisa Backhouse	Manager – Corporate Affairs	+61 7 3418 0522 media@newhopegroup.com.au
----------------	-----------------------------	---