

# ASX RELEASE

## *New Hope Reports HY2014 NPAT of \$22.7 million*

25 March 2014

*New Hope remains well positioned to withstand current market conditions through cost management initiatives and balance sheet strength*

### **Key Highlights**

- Net profit after tax of \$22.7 million for the six months ending 31 January 2014, down from \$68.8 million in the previous corresponding period
- Focus on cost management and productivity initiatives.
- Interim dividend of 6.0 cents per share (fully franked)
- Strong financial position with cash and cash equivalents of \$1.1 billion at 31 January 2013

### **Financial Overview**

	<b>HY2014</b>	<b>HY2013</b>
Revenue	\$284.9 million	\$322.9 million
Net profit after tax	\$22.7 million	\$68.8 million
Coal mining and logistics operations (NPAT)	\$7.3 million	\$59.5 million
Treasury and investments (NPAT)	\$15.4 million	\$33.7 million
Earnings per share	2.7 cents	8.3 cents
Dividend	6.0 cents per share	6.0 cents per share
ROM coal mined	5.4 million tonnes	5.8 million tonnes
Clean coal production	2.7 million tonnes	3.0 million tonnes
Coal sold	3.0 million tonnes	2.7 million tonnes

Diversified energy company New Hope Corporation Limited (ASX: NHC) ('New Hope' or 'the Company') announces net profit after tax of \$22.7 million for the first half of the 2014 financial year (HY2014).

The result was driven by New Hope's ongoing focus on cost management, which continued to deliver cost reductions during the half. The Company remains well placed to navigate the challenges of the current global coal market and has maintained its strong balance sheet position, providing the capacity to take advantage of future growth opportunities.

New Hope's operating result for HY2014 was impacted by:

- Significantly lower export coal prices
- A relatively high AUD:USD exchange rate
- The scheduled closure of the New Oakleigh mine in early 2013
- Increasing pressure from offsite costs

New Hope's Chief Executive Officer, Shane Stephan, said: "New Hope is managing the current downturn in global coal markets with a clear focus on cost management and operational efficiencies. We have managed our total production costs by revising mine plans at New Acland and Jeebropilly and implementing productivity improvement initiatives at all of our sites. We will continue to pursue responsible cost reductions.

"The Company is in a strong financial position and has the ability to take advantage of potential acquisition opportunities.

"While conditions remain challenging for all Australian coal producers, New Hope is well-placed to withstand the downturn due to its comparative low cost of production, diversified asset portfolio and its strong balance sheet."

## **Mining Operations**

New Hope produced 2.70 million tonnes of clean coal during HY2014, 11.3% lower than the previous corresponding period due to the planned closure of the New Oakleigh mine, the revision of mine plans at both Acland and Jeebropilly, and Jeebropilly moving to a 5 day roster.

Export sales for the six months to January 2014 were 3.01 million tonnes, including traded coal sales of 0.17 million tonnes, an increase of 9.9% on the previous corresponding period. One third of export sales are premium low ash coal with pricing based on the JFY annual price. The balance of export sales is higher ash coal sold on a variety of pricing mechanisms based on various coal price indices.

Significant cost savings were realised due to management's ongoing focus on overhead cost containment and improving operational efficiencies.

At New Acland, 2.33 million tonnes of coal were produced during HY2014, a decrease of 3.0% on the corresponding period due to additional plant maintenance in November 2013 and the mine shut down over the Christmas period. Productivity at New Acland continued to impress and further improvements were achieved across a number of key processes during the half.

The West Moreton operation produced 0.37 million tonnes of coal during HY2014, a 42% reduction over the prior corresponding period, due to the scheduled cessation of mining operations at New Oakleigh and the change of rosters at Jeebropilly. Rehabilitation works are progressing well at Chuwar and New Oakleigh, where topsoiling and seeding of approximately eight hectares of rehabilitated land is currently underway.

## **Bridgeport Energy**

Bridgeport Energy continued to increase oil production during HY2014 to a total of 89,620 barrels. Bridgeport also completed the acquisition of Arrow Energy's interest in ATP752 and PL303, which delivered a 15% interest in the Cuisinier oilfield in the Cooper Basin.

New Hope plans to increase Bridgeport's conventional oil production, both from the development of existing fields and economically viable acquisitions.

## **Queensland Bulk Handling (QBH)**

Throughput at New Hope's 100% owned QBH coal terminal at the Port of Brisbane reached 4.2 million tonnes during HY2014, equal to the first half of FY2013. QBH is continuing to develop engineering studies with a view to delivering future expansion opportunities.

## **Exploration**

New Hope concentrated its exploration activities during HY2014, drilling 9,637 meters compared to 14,855 meters in the previous corresponding period. Work also focussed on analysis and updating the geological models with data obtained from previous drilling campaigns.

The Company has also been granted three new mineral exploration permits in North West Queensland, bringing New Hope's total number of Exploration Permit Mineral tenures to seven.

## **Development Projects**

New Hope continued to progress various development projects during the period, although current market conditions have led to the rescheduling of some project timelines.

The Company continues to view the progress of the New Acland Continuation Plan as a priority. The Environmental Impact Statement (EIS) was completed, submitted to the Office of the Co-ordinator General and the public consultation period closed on 3 March 2014.

The Company remains committed to delivering certainty to our employees, shareholders and other stakeholders for the long term future for the Acland operations in an environmentally and socially acceptable manner. The revised Continuation Plan is based on achieving a balance between the competing land uses of agriculture and mining.

At Lenton, baseline studies for the EIS continued during the period and the Draft Terms of Reference and Initial Advice Statement were lodged with the Department of Environment and Heritage Protection in December 2013.

At Elimatta, comments on the project's EIS received from the public review process were collated and work commenced on responses to the submissions and the Supplementary Environmental Impact Statement.

## **Alternative Energy Activities**

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

Construction of the Jeebropilly indirect liquefaction proof of concept plant is continuing and initial gas commissioning occurred in late 2013. The design of the liquefaction module is progressing.

## Outlook

New Hope expects the current challenging market conditions for Australian coal producers to continue and this will continue to impact the Company's revenues and margins in the second half of the financial year.

While demand for thermal coal remains firm, and in the long term high-quality Australian export coals will continue to expand their export volumes into Asia, oversupply is likely to limit any significant improvement to spot thermal coal prices over the immediate term.

In response, management will maintain its focus on cost management and is continually assessing the timing of development projects. The Company is committed to maintaining its strong reputation as a reliable supplier to its customers.

New Hope's \$1.1 billion cash and cash equivalents provide it with the financial strength to successfully withstand prevailing market conditions, and the Company has the capacity to pursue any attractive acquisition opportunities in coal, oil and gas that may be presented by the current economic climate.

Bridgeport Energy will continue on its current growth path through organic expansion and by taking advantage of appropriate acquisition opportunities.

New Hope remains well positioned to weather adverse global market conditions through its ongoing cost management initiatives and balance sheet strength.

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For further information, please contact:

### Investors/Analysts

Robert Millner	Chairman, New Hope Corporation Limited	+61 7 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 <a href="mailto:media@newhopegroup.com.au">media@newhopegroup.com.au</a>
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