

# New Hope Corporation Limited

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## ASX & Media Release

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### Quarterly Activities Report 31 October 2011

#### KEY HIGHLIGHTS

- Solid financial performance in the first quarter with an unaudited estimate NPAT of \$51.1 million, up 22% from previous corresponding period.
- Consolidated recovery from 11 week rail outage with record October performance.
  - New Hope October export sales of 738KT, QBH 998KT.
- ROM and saleable coal production 7% and 9% respectively above that achieved for the corresponding period in 2010.
- Export throughput at Queensland Bulk Handling was 9% above that achieved for the same period in 2010.
- Following compulsory acquisition, NEC is now a 100% owned subsidiary of NHC and has been delisted from the ASX.
- Colton metallurgical coal deposit development team progressing engineering studies.
- Inclusion of the Northern Energy projects into New Hope's JORC Resources has resulted in a 36% increase in Resources to in excess of 2 billion tonnes.
  - Exploration efforts are ongoing.
- Further exploration has identified 320 million tonnes of Girrah Seam Inventory Coal at Lenton.
- Solid progress has been made on the development of New Hope's four coal projects, New Acland Stage 3, Colton, Lenton and Elimatta.
- Negotiation of a new Enterprise Agreement with employees at New Acland was completed.
- NHC considers potential Change of Control transactions.

Diversified energy company, New Hope Corporation (ASX:NHC) has reported a first quarter unaudited estimated operating NPAT of \$51.1 million including interest, up 22% from \$41.7 in the previous corresponding period.

A summary of the key operating parameters are as follows:

	<b>3 Months to 31/10/11 Tonnes 000's</b>	<b>3 Months to 31/10/10 Tonnes 000's</b>	<b>Change</b>
ROM Coal Production	3,173	2,966	+ 7%
Saleable Coal Production	1,645	1,503	+ 9%
Coal Sold	1,600	1,833	- 13%
QBH Export Throughput	2,234	2,044	+9%

## **COAL OPERATIONS**

Raw and saleable coal production for 3 months ending 31 October 2011 were respectively 7% and 9% above that achieved for the corresponding period in 2010. All mining operations contributed to this good performance, with New Acland producing 1.32 million tonnes and the West Moreton operations 0.33 million tonnes of saleable coal.

Operations have now stabilised after the flooding events earlier in 2011 with consistent high production levels being achieved. A new Enterprise Agreement was negotiated with employees at New Acland during the period. Coal stockpiles remain at prudently high levels going into the wet season.

Sales for the quarter were 1.60 million tonnes down 13% on the corresponding period last year. This was largely due to customer scheduling issues concerning the tsunami in Japan. It should be noted that October was a record export sales month at 0.738 million tonnes. New Hope is fully sold for 2012.

Queensland Bulk Handling exported 2.234 million tonnes during the Quarter. This was 9% above that achieved for the same period last year. In October QBH exported 0.999 million tonnes, a new monthly record.

## **EXPLORATION**

Exploration continued at New Lenton, New Acland and Churchyard Creek with 15,643m of core and chip holes being drilled.

An updated Resources Statement for New Hope Corporation, including Northern Energy Corporation properties is given below:

## New Hope JORC Resources (million tonnes)

Deposit	Inferred	Indicated	Measured	Total
New Acland*	10	435	410	855
Jandowae*	38	119		157
West Moreton*	11	72	48	131
Lenton* ^	85	144	53	282
Bee Creek*	104			104
Elimatta**	50	101	108	259
Yamala** #	187	23	13	223
Maryborough**	60	16		76
<b>Total</b>	<b>545</b>	<b>910</b>	<b>632</b>	<b>2087</b>

Deposit	Coal Inventory	Total
Lenton*** ^	320	320

JORC compliant Resources have increased by 36% from 1,529 to 2,087 million tonnes with the inclusion of the Northern Energy properties. Additionally, 320 million tonnes of coal inventory have been identified at Lenton.

\* As of 31 March 2011 – depletion as a result of mining has not been calculated in the 7 months to November 2011

\*\* As of 31 October 2011

\*\*\* Additional Coal Inventory as of 31 October 2011

^ Figures shown are 100% of total resources. New Hope share is 90%.

# Figures shown are 100% of total resources. New Hope share is currently 83%.

### JORC Declaration

The estimates of coal resources herein (except for Maryborough) have been prepared in accordance with the guidelines of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code". These resources are inclusive of the reserves reported in the reserves statement. The work has been undertaken internally and externally and reviewed by Mr Phillip Bryant, Project Manager – New Lenton NHC and Member of AusIMM (no. 210566). Mr Bryant has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code.

Mr Bryant consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

### JORC Declaration - Maryborough

The estimates of coal resources for Maryborough have been prepared in accordance with the guidelines of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code". These resources are inclusive of the reserves reported in the reserves statement. The work has been undertaken externally and reviewed by Mr Lyndon Pass of Encompass Mining and Member of AusIMM (no. 208403). Mr Pass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code.

Mr Pass consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

## New Lenton

During the Quarter 16 core holes and 60 chip holes were drilled totalling 13,660 metres. In addition, a seismic program was completed with the location of the Burton thrust fault being delineated. Based on additional data, the Lenton geological model has been re-run and it has indicated inventory coal of 320 million tonnes of Girrah Seam coal. Sample testing and analysis of this coal is still underway.

## **New Acland**

12 core and 13 chip holes totalling 1,984 metres were drilled within the existing mining leases during the period. The core program is due to be completed in November and the analysis is expected in January 2012. This will allow the geological model to be updated.

## **West Moreton**

No exploration was undertaken during this quarter.

## **Churchyard Creek**

Drilling on this EPC north of Blackwater is due to start in early November. The seismic program has commenced and initial data is expected in late November.

## **Bee Creek**

No exploration was undertaken during this quarter. Access negotiations are underway.

## **Yanco**

Exploration on EPM 1852 has not yet commenced with access agreements still being negotiated.

## **BUSINESS DEVELOPMENT**

### **Coal-to-Liquids**

Manufacture of the "Proof of Concept" indirect coal conversion plant continues. The first of two half tonne per hour pyrolysis gasification units is complete, with completion of the second unit expected by year end. When completed, both these units will be shipped to Queensland for commissioning. The liquefaction unit manufacture will commence next January for delivery to Queensland by mid 2012 when the complete plant will be commissioned.

The chemical testing of the Quantex direct liquefaction technology continues with positive results. The engineering design to upgrade the current batch testing facility to a continuous process is underway and scheduled to be completed early in the new year.

### **Northern Energy Projects**

On 29 August 2011 New Hope lodged a takeover offer for the outstanding shares in NEC that it did not already own. This offer has been successfully concluded resulting in NEC being delisted from the ASX and the company becoming a wholly owned subsidiary of New Hope.

The Wiggins Island Coal Export Terminal (WICET) Stage 1 progressed into construction phase following successful completion of its financing package and tenure arrangements. NEC has an allocation of 0.5 Mtpa of capacity in Stage 1 of WICET.

## Colton Project (Maryborough)

The supplementary Environmental Management Plan (EMP) was lodged with the Department of Environment and Resource Management (DERM) on 21 September and notice has been received from DERM of an extension of the assessment period for the EMP to 15 January 2012.

A design program is underway for the Coal Handling and Preparation Plant, rail infrastructure and civil site works. In addition, further exploration is underway which will allow the geological model to be updated and detailed mine planning studies to be completed.

## Elimatta Project

Environmental Impact Studies (EIS) are continuing along with a community consultation program and transport studies for the project. Negotiations and consultation continue with native title holders and land holders potentially impacted by the project. The mine plan has been reworked, based on the newly released Resources Statement, as follows:

### Elimatta JORC Reserve

<b>Insitu Reserves Summary</b>	<b>Proven Mt</b>	<b>Probable Mt</b>	<b>Total Mt</b>
ROM tonnes	114.3	76.7	191.0

### JORC Declaration

The information in this document that relates to Proven and Probable Reserves at Elimatta is based on a mine plan, a mine schedule and costs prepared by The Minserve Group Pty Ltd. Mr Jeff Jamieson was responsible for the report's preparation and the reserve statement therein. He is both a Fellow of the Australian Institute of Mining and Metallurgy, and a Chartered Professional (Mining) and is a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Jamieson consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

This represents an increase in JORC Reserves of 19% from 161 to 191 million tonnes.

## New Acland Stage 3

The project team continues to make solid progress on the development of Acland Stage 3. Work during the quarter included further updating of the Supplementary EIS, community liaison activities, coal mining and coal preparation plant studies as well as social and heritage impact assessment. Further infill drilling is planned for early 2012.

## New Lenton

Apart from the exploration activities (discussed above), work has centered on further mine planning and preparation of the Terms of Reference and the Environmental Impact Statement.

## Update on Potential Change of Control Transactions

On 5th October 2011, New Hope announced that, in response to a number of preliminary and incomplete proposals from third parties in relation to potential change of control transactions, the Board of New Hope had decided to undertake a formal process to determine whether a proposal for New Hope is available at a price, and on terms, that are in the best interests of all its shareholders.

Under this process, New Hope has received a number of non-binding indicative proposals from third parties. New Hope remains in discussion with several of those third parties, and those discussions remain confidential and incomplete.

The formal process has progressed to the second stage and is expected to take several months and there is no certainty that a suitable proposal will be recommended by the Board of New Hope. The company will keep shareholders informed of any material developments.

For further information, please contact:

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