

New Hope Corporation Limited

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Quarterly Activities Report 31 October 2012

	Quarter ended		
	Oct 12 ('000t)	Oct 11 ('000t)	Change (%)
Raw Coal Production	3,157	3,173	- 1%
Saleable Coal Production	1,648	1,645	-
Coal Sold	1,359	1,600	- 15%
QBH Export Throughput	2,183	2,234	- 2%

COAL OPERATIONS

Raw and saleable coal production for the 3 months ending 31 October 2012 were flat in comparison to that achieved in the corresponding period in 2011. All three mining operations continued to perform at above planned production levels with New Acland producing 1.30 million tonnes and the West Moreton operations 0.35 million tonnes of saleable coal during the period.

Overburden removal at all sites is ahead of plan and coal inventory is at prudent levels going into the wet season.

Sales for the quarter were 1.36 million tonnes, which is down 241,000 tonnes or 15% on the corresponding period last year. This was largely due to shipment timing issues which will be normalised over coming months. New Hope remains fully sold for 2013.

Queensland Bulk Handling exported 2.18 million tonnes during the quarter. This was 2% down on that achieved during the same period last year. Significant upgrading on the ship loader was completed during the quarter.

In response to the deteriorating coal price and high exchange rate a series of cost reduction programs have been identified and are undergoing implementation across all New Hope Group operations.

EXPLORATION

During the quarter exploration was undertaken at New Acland, Lenton, Bee Creek, Colton and Ashford with 13,068 meters of chip, core and cleanout. JORC resources were not updated during the quarter.

New Acland (ML50216 and ML50170)

19 core holes and 8 chip holes representing 2,142m were drilled during the quarter. Exploration was centred around the monitoring of fugitive gas emissions (for calculation of carbon tax liabilities) and geotechnical investigations on the existing Mining Leases.

New Lenton (ML70337)

2 core and 19 chip holes representing 4,814 meters were drilled during the quarter. This drilling was aimed at structure definition within the potential open cut area.

Bee Creek (EPC 777)

12 chip holes were drilled totalling 3,290 meters, aimed at better defining the regional geology of the resource and determining likely targets for further drilling.

Churchyard Creek (EPC 1876)

Activity during the quarter consisted of geological modelling of previous exploration holes. This modelling has confirmed the geological complexity of the area.

Colton (EPC 1082)

5 chip holes and 20 cored holes representing 2,105 meters were drilled during the quarter. This drilling involved a 400mm core program to provide tonnage samples for coke testing, an infill program in the initial mining area and a program aimed at extending the resource to the north.

Ashford (EL6234)

7 chip holes were drilled representing 716 meters. This program was aimed at further resource delineation in a lightly drilled deposit. Results are currently being modelled.

BUSINESS DEVELOPMENT

Coal-to-Liquids

Construction of the ACT Proof of Concept plant at Jeebropilly is well underway with civil works, infrastructure, coal handling and gasifiers all close to completion. Commissioning is planned to commence in Q2 2013.

The Quantex direct liquefaction semi-continuous process unit in Morgantown West Virginia is currently undergoing commissioning with routine testing due to commence in Q1 2013.

Development Projects

Colton Project

During the quarter exploration and project development work has continued at Colton. Further design work was undertaken on both infrastructure and the coal preparation plant. The Environmental Management Plan (EMP) has been submitted but is still under discussion with the Department of Environment and Heritage Protection (DEHP).

Elimatta Project

The significant activity during the quarter has involved preparation of the Environmental Impact Statement (EIS) which is due for submission in December 2012. As a consequence further field studies on the infrastructure corridor were undertaken during the period.

New Acland Continuation Plan

New Hope has been in discussions with the Queensland Government over the future of the New Acland mine since the state election in March this year. The company understands government and community concerns over the original New Acland Stage Three expansion proposal and has developed a compromise plan that addresses these issues. As such, New Hope will now re-enter the formal EIS process, through the Office of the Queensland Coordinator General, with the revised continuation plan.

For further information, please contact:

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