



NEW HOPE
GROUP

INTEGRITY • RESPECT • ACCOUNTABILITY
SAFETY • RESILIENCE • SUCCESS

Financial Results Release

Full Year Ended 31 July 2016

Presented by
Robert Millner & Shane Stephan

20 September 2016

newhopegroup.com.au



Overview



Robert Millner
Chairman

Executive Summary

2016 Financials

- Challenging past year for coal producers
- Ongoing focus on safety and sustainable cost reduction
- Invested \$901 million* on 1st March 2016 for a 40% interest in the Bengalla JV
 - 1.5Mt in sales from Bengalla over 5 months
 - \$97.4m in revenues from Bengalla over 5 months
 - \$21.3m in EBITDA from Bengalla over 5 months during a period of low coal prices
- Group coal production of 6.6 million tonne - up 15% on 2015
- EBITDA of \$81.3m
- Cash operating surplus of \$61.2m
- Profit after tax and before non-regular items totals \$5.0 million
- After non-regular items a net loss after tax of \$53.7million

* \$849.1m purchase consideration + \$51.9m acquisition costs expensed (largely stamp duty on acquisition).

Executive Summary

2016 Highlights

- ✓ Positive EBITDA of \$81.3 million during difficult coal markets
- ✓ Bengalla acquisition completed and running well with positive contribution to Group cashflows
- ✓ QCA decision on below rail provides lower access charge & recovery of revenue
- ✓ Positive results cattle grazing trials
- ✓ 2 National Awards

2016 ABA 100 Australian Business Award for Sustainability

2016 Australian Mines & Metals Association Industry Award for Health & Wellbeing



Executive Summary

Focus next period

1. Continuity of safe production
2. Expected record Australian production and sales
3. Obtain New Acland Stage 3 approvals
4. Start Stage 3 construction
5. Optimise Bengalla investment performance
 - Acquisition at low point in thermal coal cycle
 - Immediate positive impact on 2016 earnings
 - Subsequent rise in thermal coal prices will further improve contribution in 2017
6. Improve Bridgeport's performance



Safety Performance



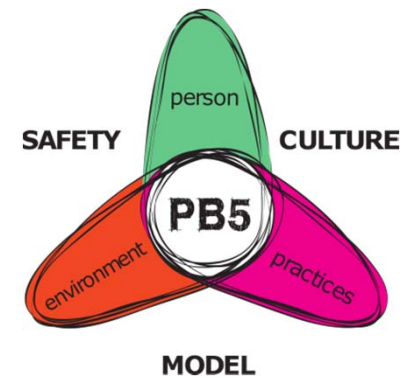
Shane Stephan

Managing Director

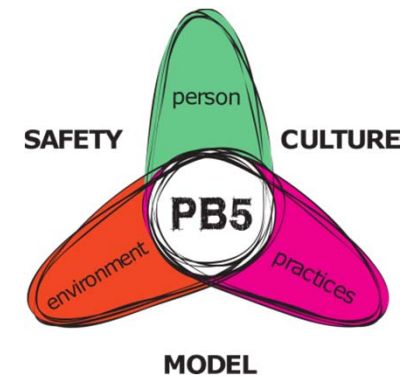
Safety Performance

Principle of safe production

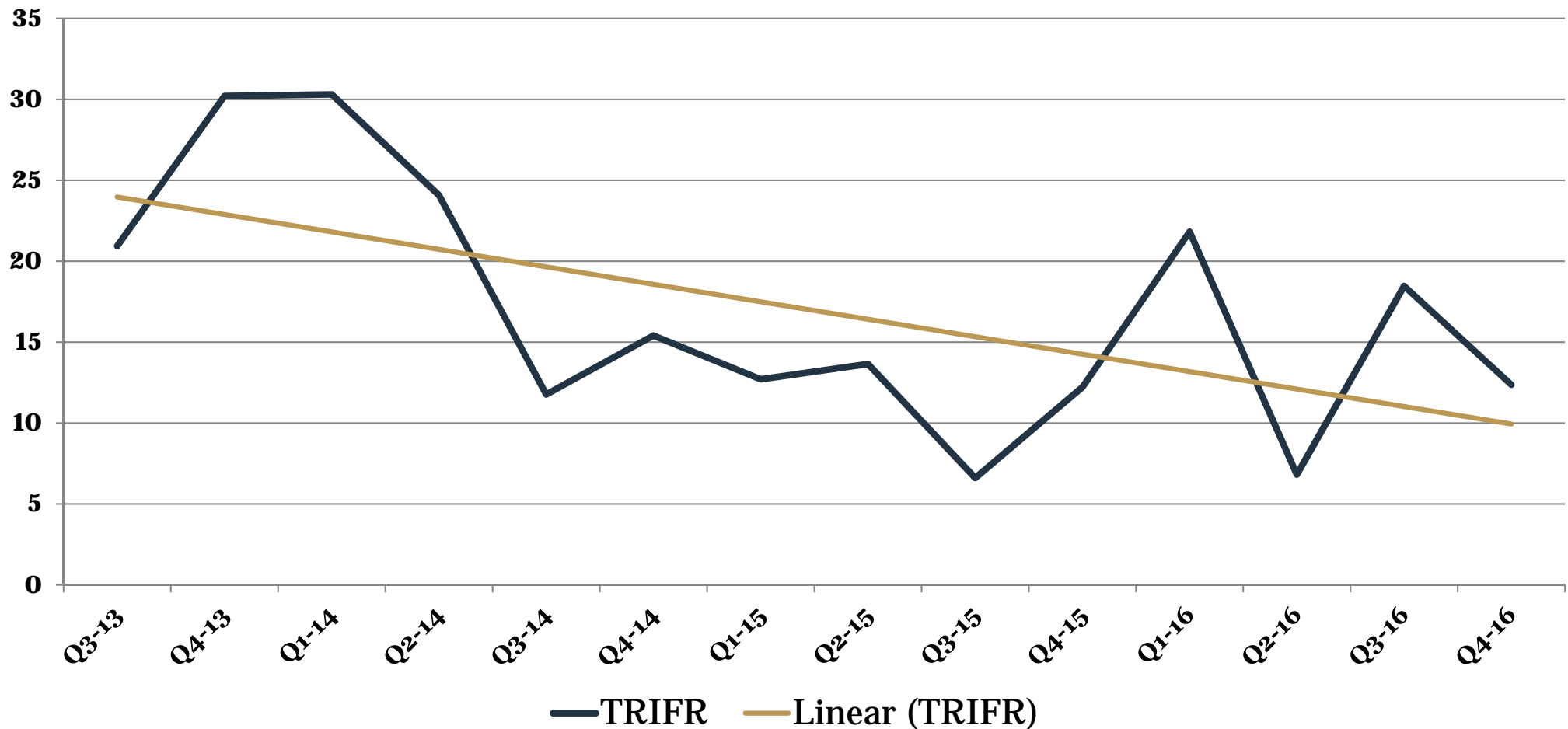
- 3 year Safety trend continues to improve
- Overall safety performance indicators declined slightly during 2016
- Continued focus on Safe Production including:
 - Continued focus on i-Safe/We-Safe through refresher sessions
 - Established further focus on Resilience for Leaders
 - Reinforced senior leadership commitment to the principle of Safe Production through one on one leadership coaching sessions throughout the Coal Operations
 - Increased attention to safety basics in particular Personal Risk Management and Safety Interactions



Safety Performance



Quarterly Total Recordable Injury Frequency Rate (TRIFR)



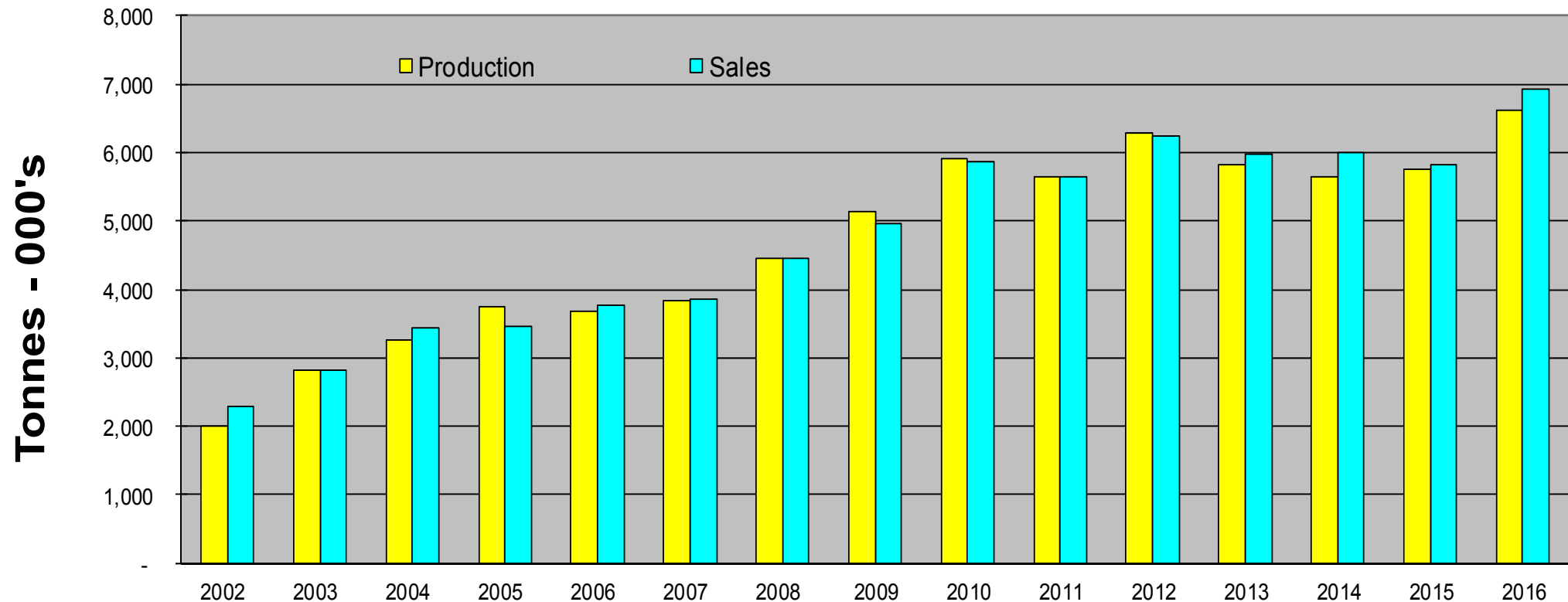
Production and Sales



Production and Sales Performance

FY 2016

Australian Operating Results



Years ended 31 July

Production and Sales Tonnages

FY 2016

	12 Months Ended 31 July (million tonnes)		
	2016	2015	Change
ROM Coal Processed [^]	12.429	11.140	11.6%
Saleable Coal Production [^]	6.614	5.747	15.1%
Export Sales ^{*^}	6.744	5.681	18.7%
Domestic Sales [^]	0.186	0.145	28.3%
TOTAL SALES *	6.930	5.826	18.9%

[^]Includes Bengalla from 1 March 2016 to 31 July 2016 at 40%.

^{*} Includes trade coal sales.

Financial Overview



Financial Overview

FY 2016

	12 Months Ended 31 July (A\$m)		
	2016	2015	Change %
Revenue from ordinary activities	531.5	505.8	5.1%
Earnings before interest, tax, depreciation, amortisation and non regular items ^	81.3	132.8	(38.8%)
Earnings before interest, tax and non regular items ^	6.4	71.6	(91.1%)
Profit / (loss) before income tax (before non regular items) ^	6.1	71.6	(91.5%)
Profit / (loss) before income tax	(74.1)	(24.7)	(199.9%)
Net profit / (loss) after tax (before non regular items) ^	5.0	51.7	(90.3%)
Net profit / (loss) after tax	(53.7)	(21.8)	(146.0%)

^ Refer to Appendix for reconciliation of non IFRS financial information.

Financial Overview

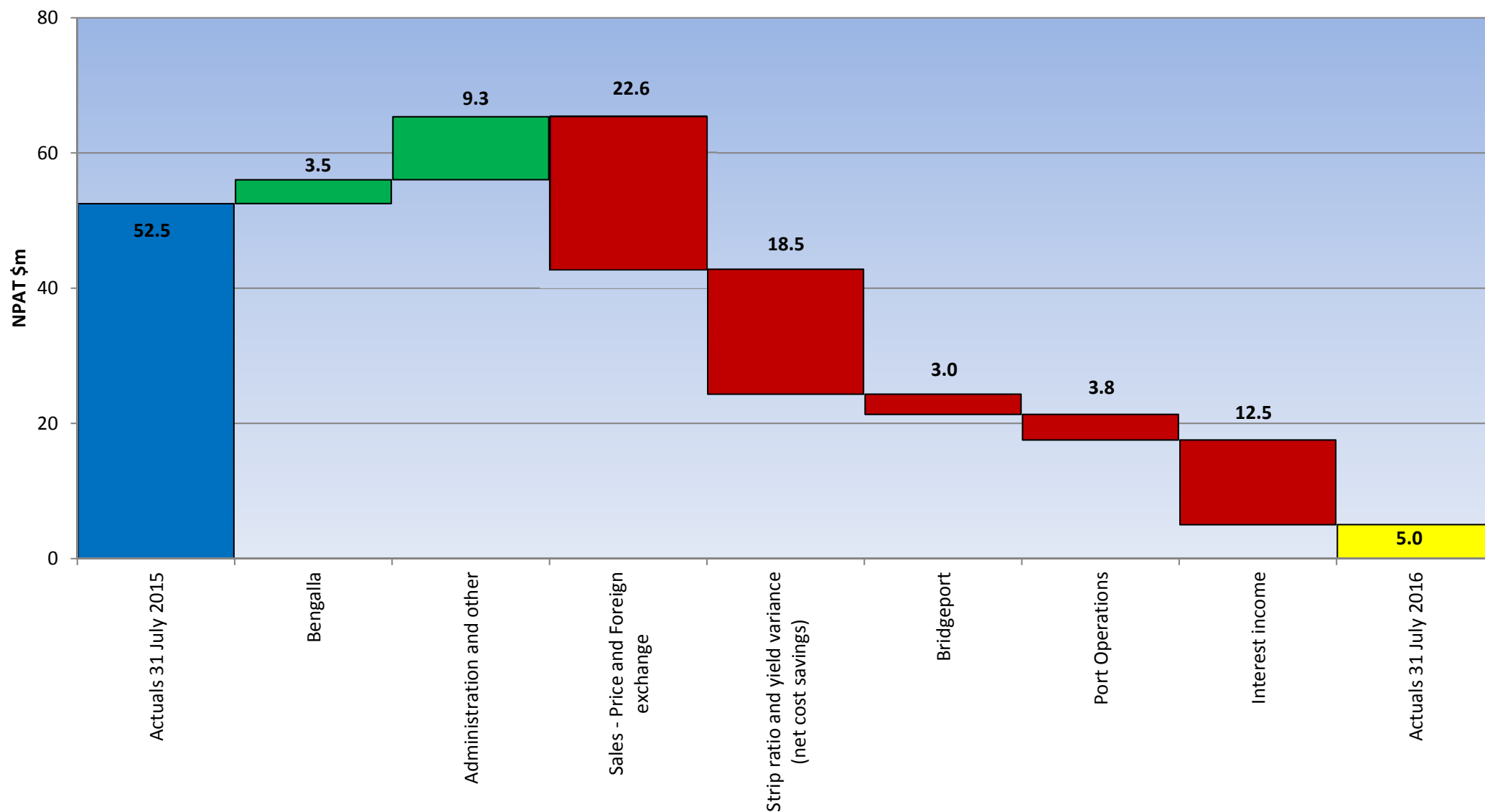
FY 2016

	12 Months Ended 31 July (cents per share)	
	2016	2015
Earnings per share before non regular items^	0.6	6.2
Earnings per share	(6.5)	(2.6)
EBITDA per share before non regular items^	9.8	16.0
Interim Dividend	2.0	4.0
Final Dividend to be paid in November 2016	2.0	2.5
Special Dividend	-	3.5

^ Refer to Appendix for reconciliation of non IFRS financial information.

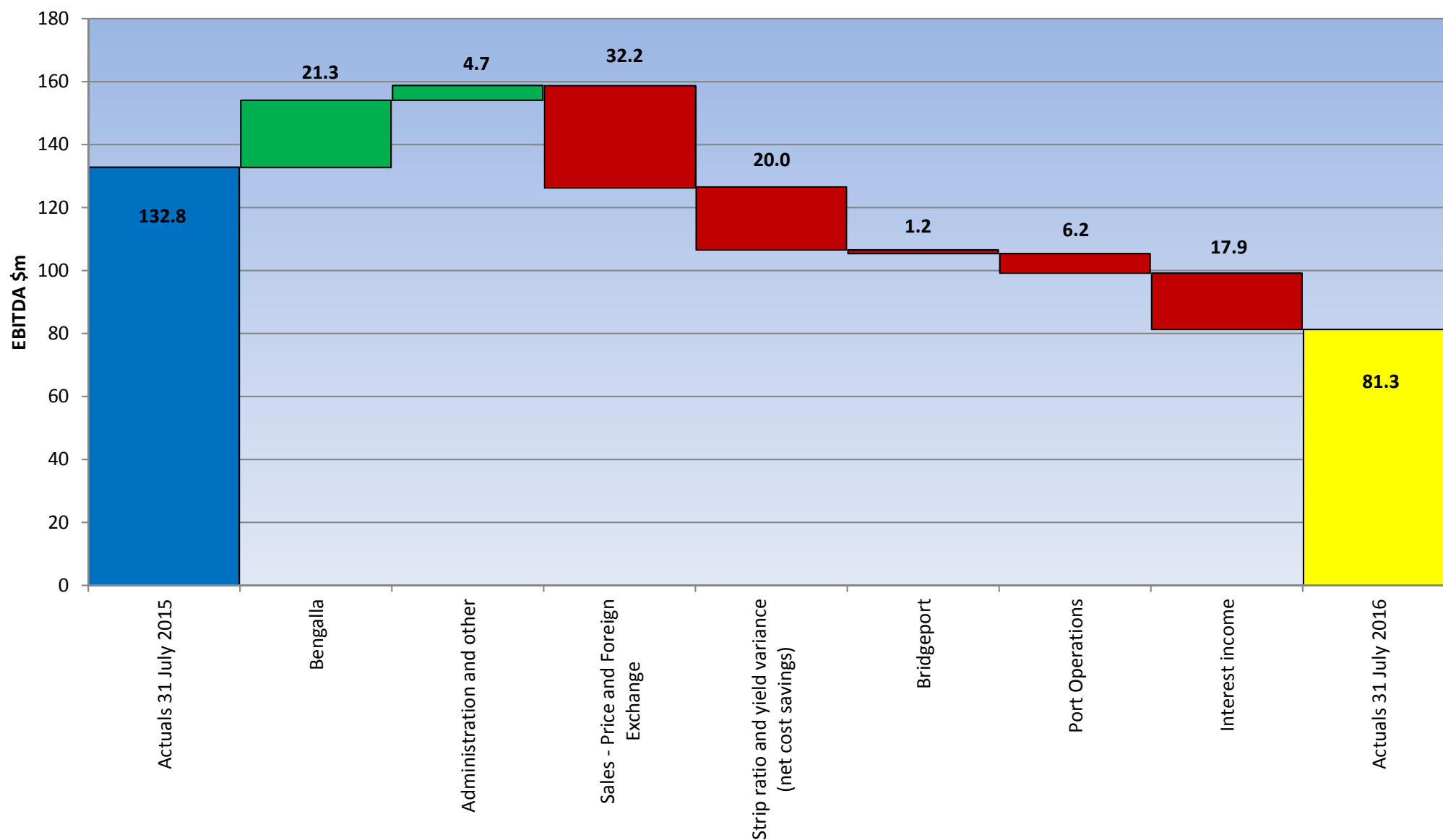
Group NPAT Comparison

Before non regular items 2015 to 2016



Group EBITDA Comparison

Before non regular items 2015 to 2016



Significant Items

Impact of non-regular items on 2016 financial year results

- The following events occurred during the period which are of a non regular nature and have resulted in a net reduction to the group's after tax profit of \$58.7 million, and a negative impact on Group operating cashflow of \$47.1 million
 - Land access compensation received - \$5.0 million after tax (cash receipt)
 - Impairment of oil producing assets - \$10.5 million after tax (non-cash expense)
 - Impairment of oil exploration assets - \$8.4 million after tax (non-cash expense)
 - Impairment of held for sale shares in IGas and Planet Gas - \$5.0 million post tax (non-cash expense)
 - Acquisition costs expensed for Bengalla and oil acquisitions - \$36.4 million after tax (cash expense)
 - Derecognition of PRRT Deferred Tax Asset \$3.4 million (non-cash expense).

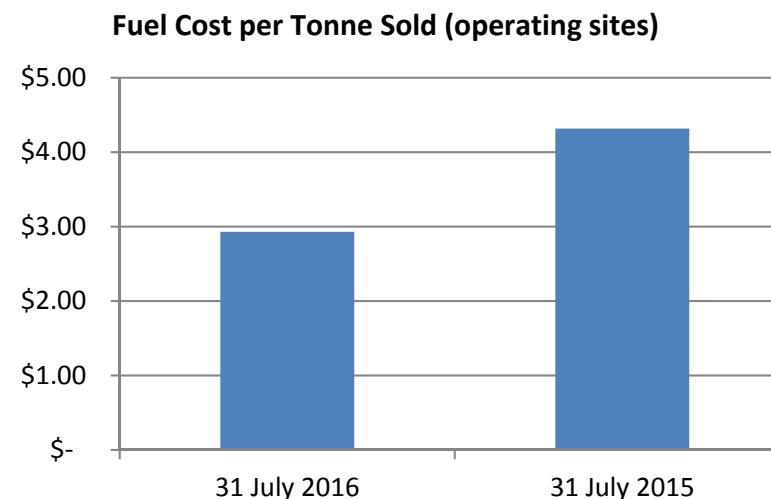
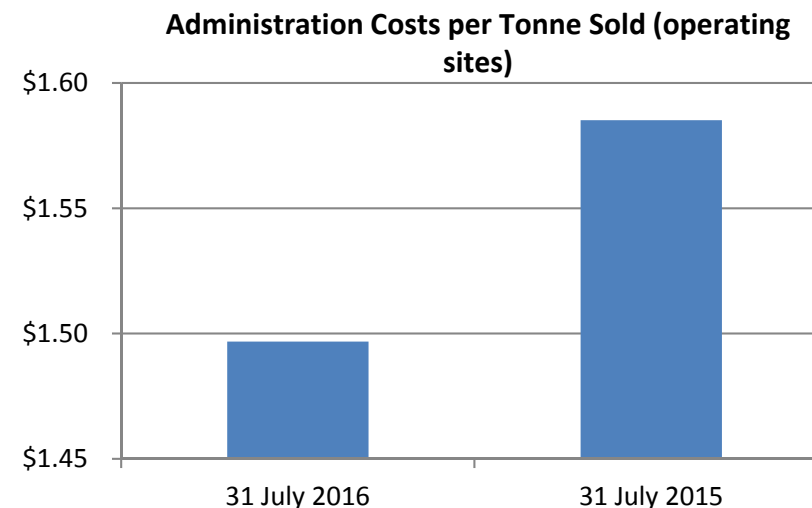
Cost Management



Cost management

Operations maintaining cost competitiveness

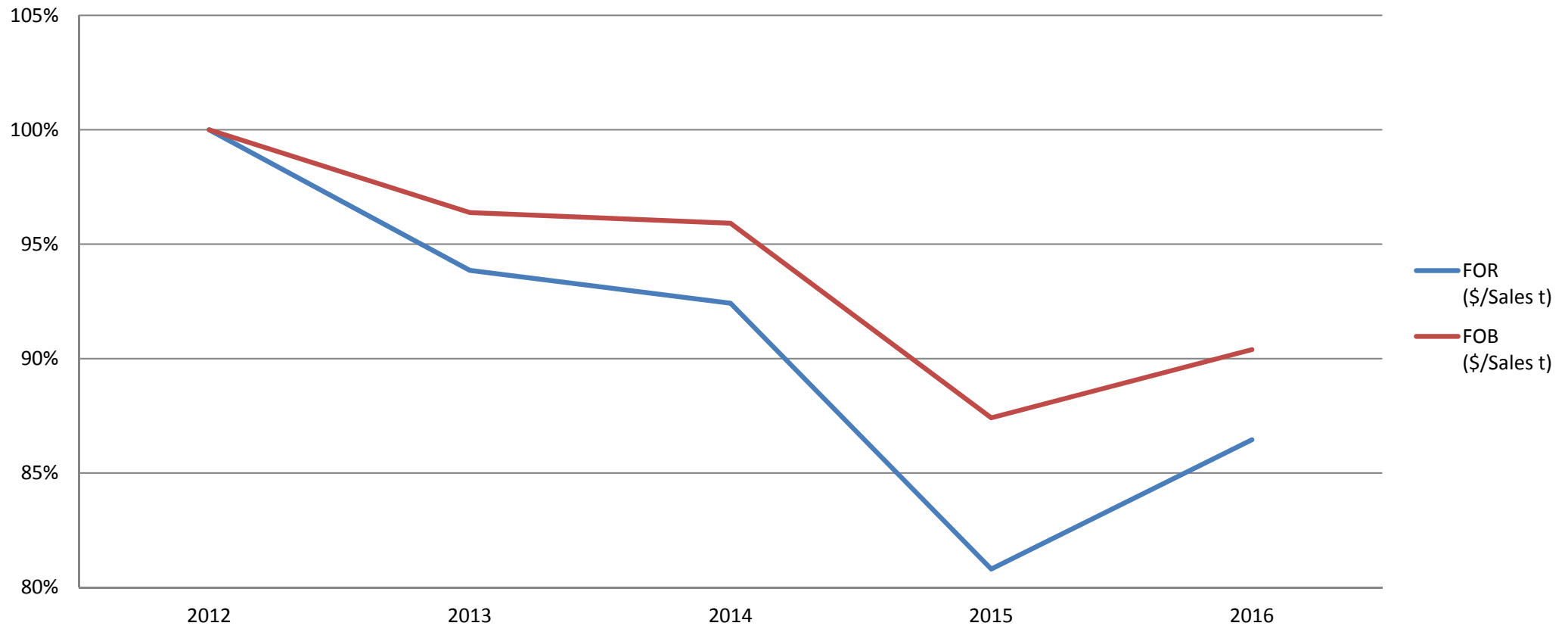
- Costs at Acland operations were impacted during the earlier part of the year by mine sequencing issues and associated lower product yields
- Fuel costs savings of \$6.1 million for operating sites equating to 24.7% of total fuel costs
- Administration costs reduced by \$0.9 million or 9.5%
- Marketing and logistics costs have reduced by \$5.0 million or 3.7%. The QCA decision in the current year will lead to further reductions in future years.



Cost management

Trend Analysis

5 Year Trend Analysis FOR/FOB costs Operating sites



Cost Management – Queensland Competition Authority

Final Decision

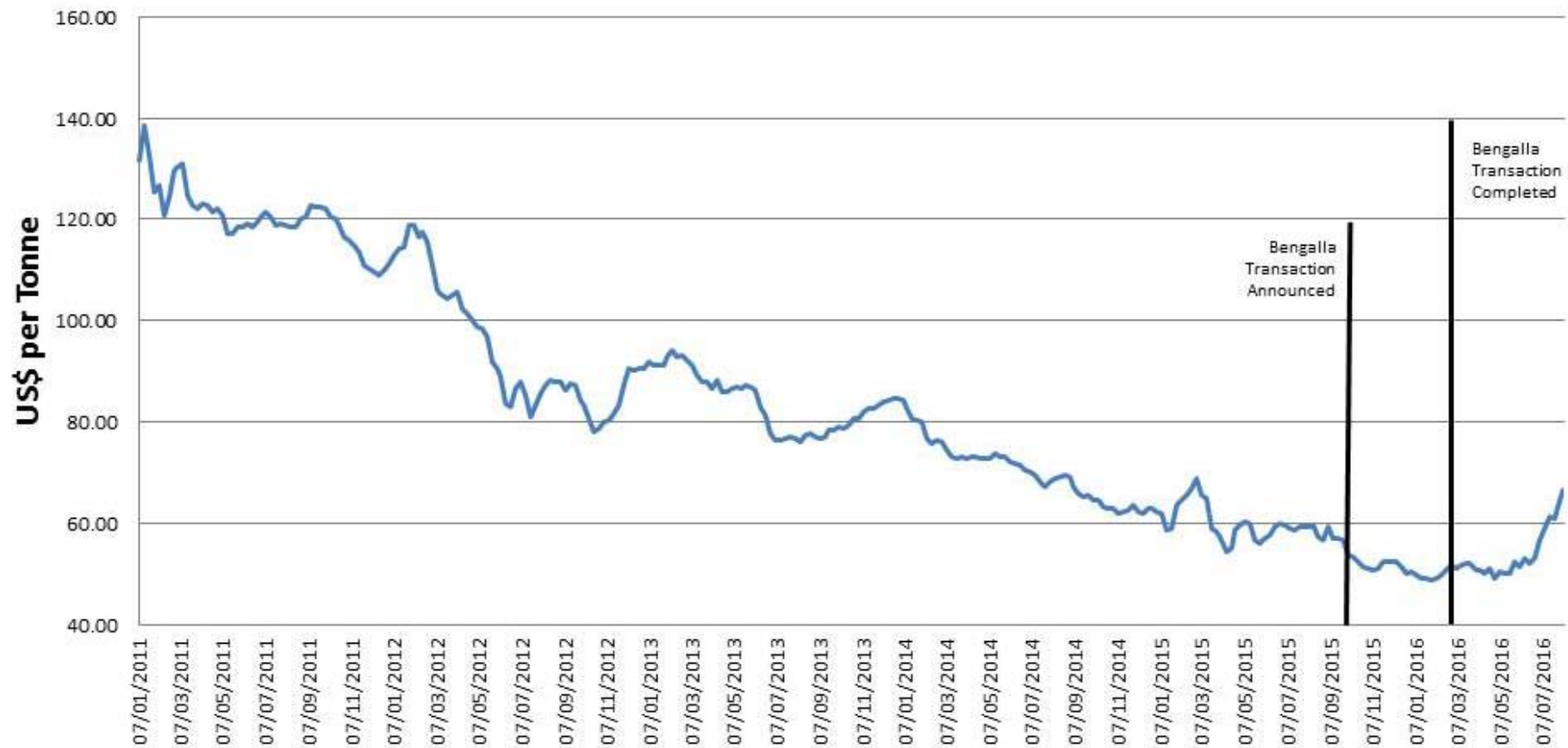
- On 16th June 2016 QCA refused to approve QR's 2015 Draft Access Undertaking
- QR is required to submit an amended draft access undertaking in line with the QCA's decision not later than 15th Sept 2016 to the QCA
- The process of below rail access review began in 2011
- Key aspects of the final decision:
 - QR to pay users an adjustment for over-recovery of revenue for the period 1 July 2013 to the implementation date;
 - QR must charge users a reduced tariff until June 2021 commencing from the implementation date;
 - Improved certainty around tariffs applying after 2021 with the QCA decision setting a repeatable and transparent methodology;
 - Terms of access more aligned with other coal rail corridors, and allow the user to hold the access rights directly, and to contract with multiple operators.
- New Hope looks forward to working constructively with its supply chain partners to improve efficiencies and lower costs.

Thermal Coal Markets



Thermal coal price recovery

Newcastle Thermal Coal Price FOB

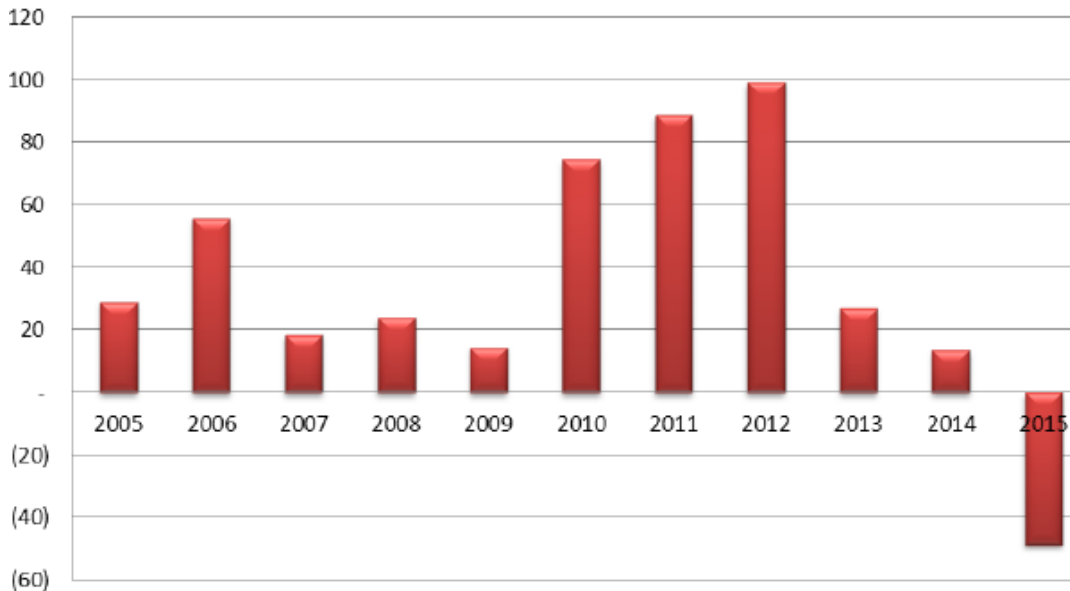


- Coal prices have improved ~40% since January 2016
- Forward curve has increased ~35% since April 2016
- Supply side discipline in China has been the major driver.

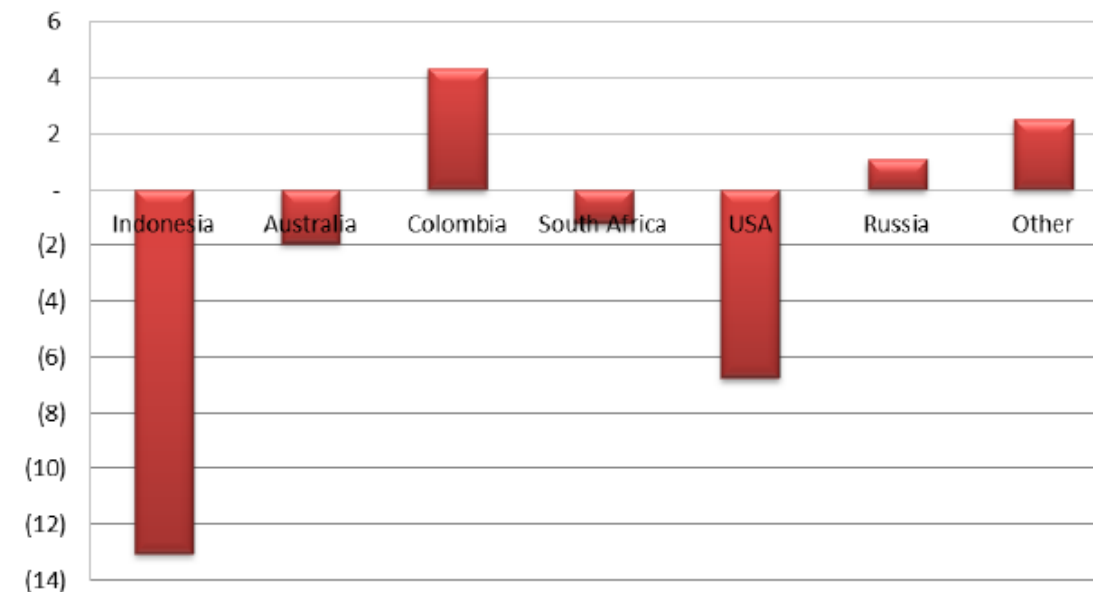
Seaborne trade of thermal coal

- Following a strong period of growth in 2010-2012, supply started adjusting downwards in 2015
- Pre-2014 growth was driven mainly by Indonesia, and this is where most of the supply contraction is now coming from due to margin pressures
- US exports have also plummeted
- Cuts in Chinese domestic supply side important to seaborne price

Global Export Growth (Mt, yoy)



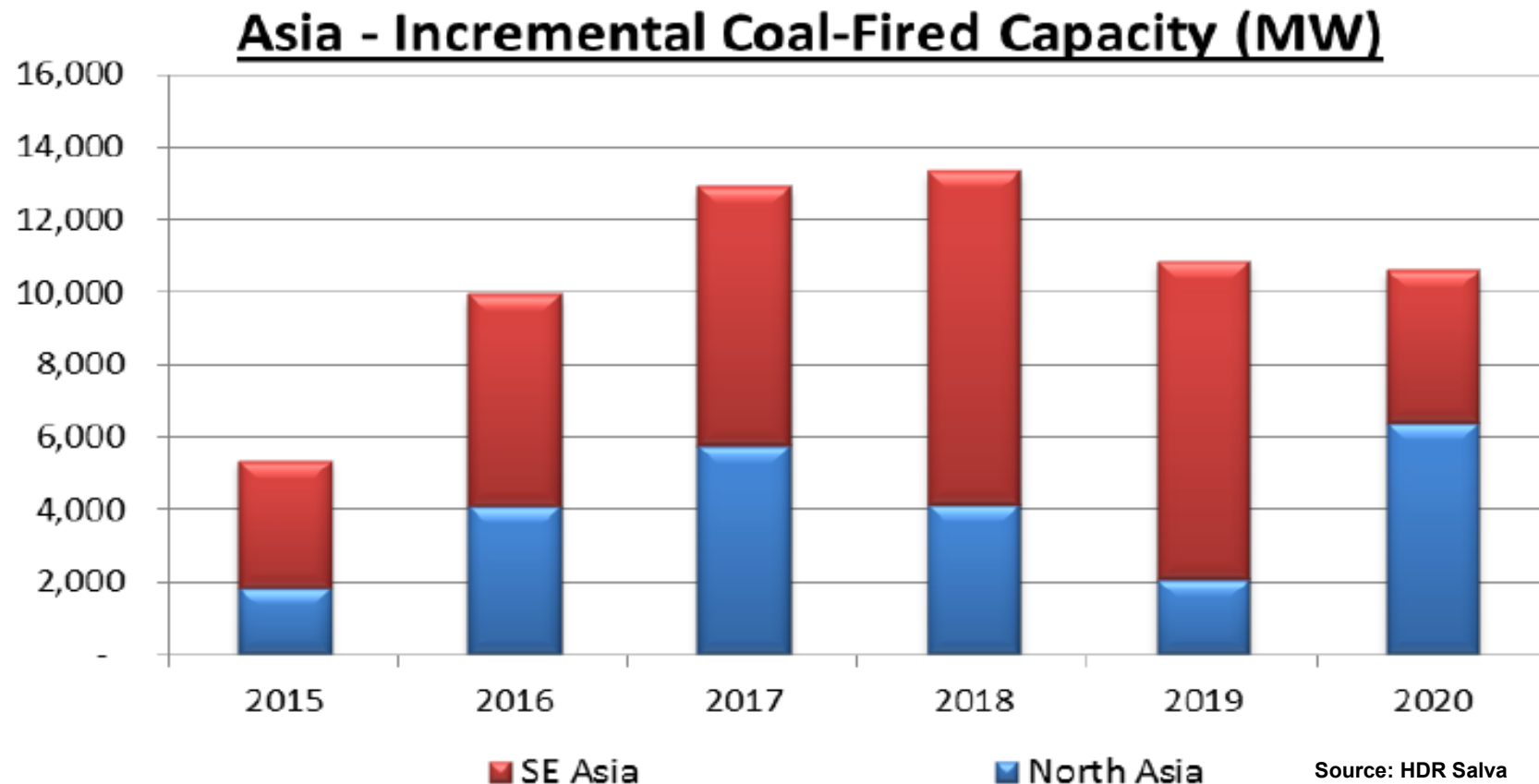
2016 Export Growth (Mt, yoy)



Source: HDR Salva

Seaborne trade of thermal coal

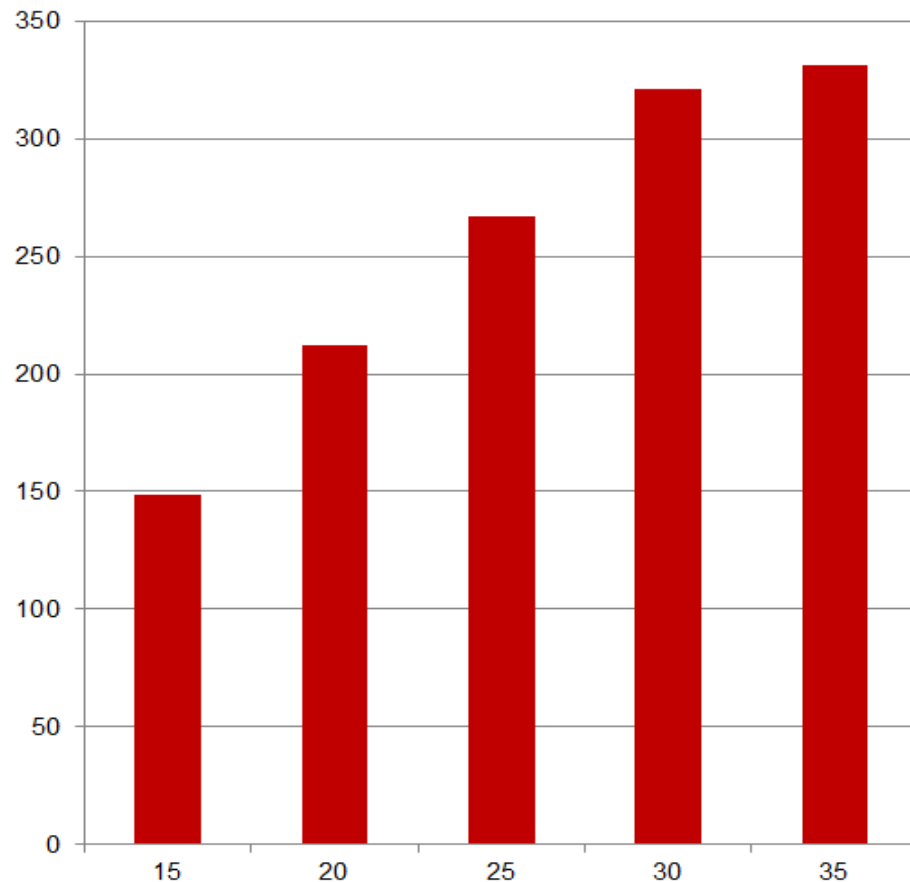
- The common thread amongst respected analysts, is for increasing seaborne thermal coal demand in the Asia, that over the long term will offset decreasing demand in the Atlantic
- Growth will be at slower rates than the rapid ramp-up in the early 2000's
- Japan, Korea and Taiwan will remain key customers with growth from other South East Asian growth economies



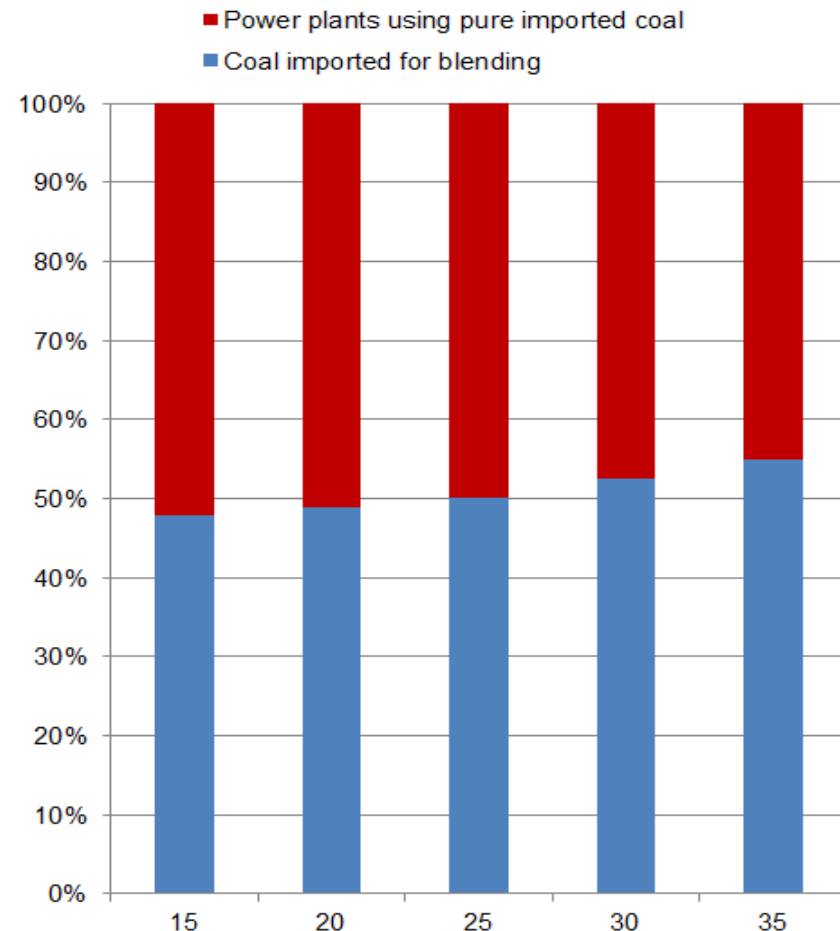
Seaborne trade of thermal coal

- Chinese demand for seaborne thermal coal is expected to remain flat, but dependant on Government policy
- India is a key growth market – it will absorb Colombian, South African, Indonesian coal
- India has ambitious growth plans for coal production – will these be achieved?
- Coal quality and the types of power plants being built are important considerations

India import 2015-2035 (Mt)



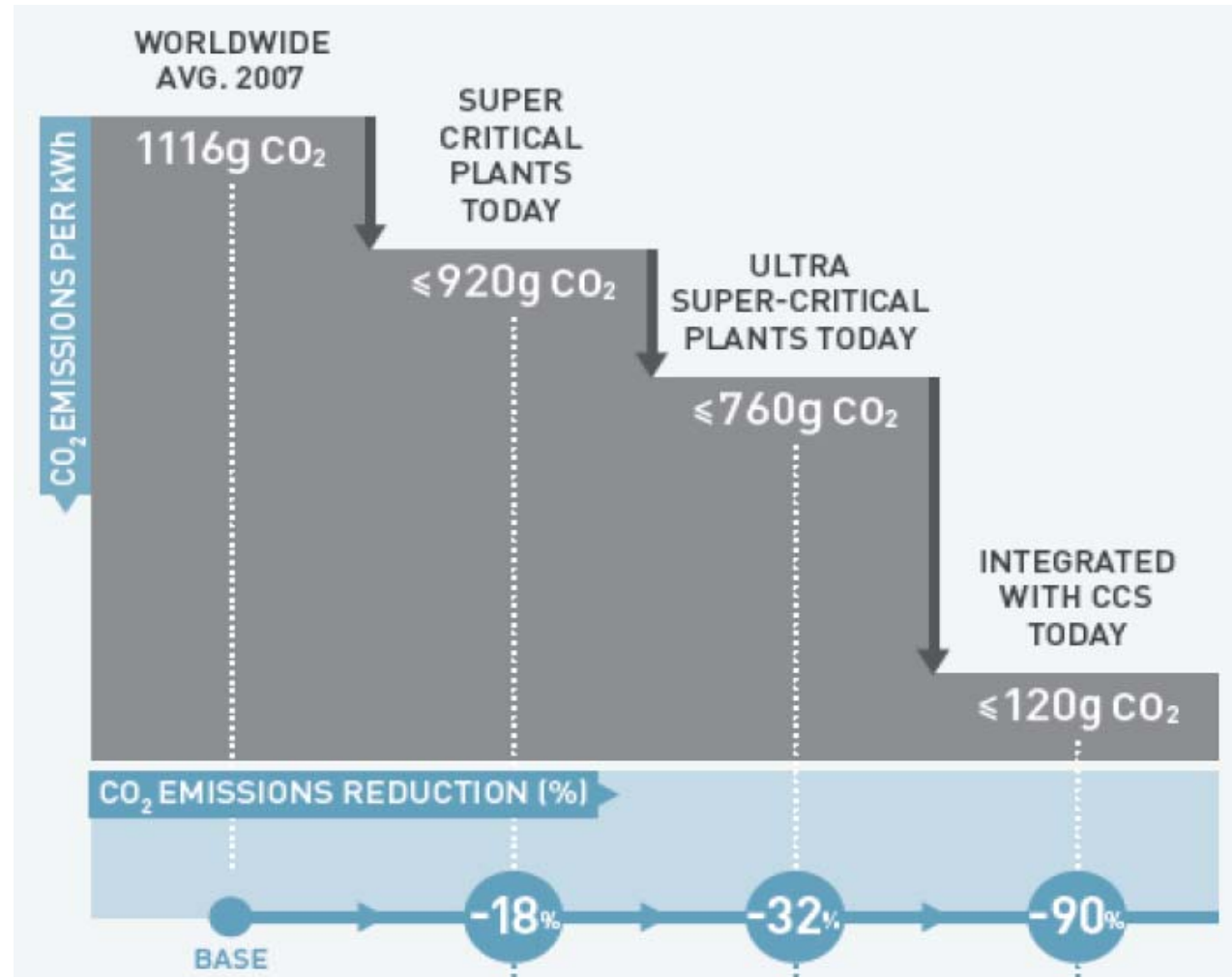
Coal imported to India by usage type



Source: CRU

HELE Plants work best with high quality coal

- What is a high quality coal?
 - Low CO₂ intensity
 - Low levels of SOX & NOX on combustion
 - Excellent handling characteristics
 - Low levels of trace elements
 - Other good combustion characteristics (slagging/fouling)
- Taxes on CO₂ emissions and flat rate taxes on coal, favour higher energy coals
- Taking these factors into account low rank Indonesian coal is at a comparative disadvantage



Source: Minerals Council of Australia

- With its existing operations, and project pipeline, New Hope is ideally positioned to take advantage of the Asian growth story in high quality thermal coal

Coal projects (QLD)



New Acland Mine

Stage 2 - current

- Produced 4.6 million tonne in 2016
- Hampered by mine sequencing issues impacting on yield
- 6.6% reduction on overburden removal cost per BCM vs pcp
- Negatively impacted by a reduction in yield of 1.8% vs pcp
- Numerous site tours continued – members of the public can visit Acland
- Continued focus on progressive rehabilitation
- Community Reference Group continues to allocate funds to local community projects





Cattle grazing trial on rehabilitation paddock

New Acland Mine Rehabilitation



7 November 2013

New Acland Mine Rehabilitation



29 June 2014

New Acland Mine Rehabilitation

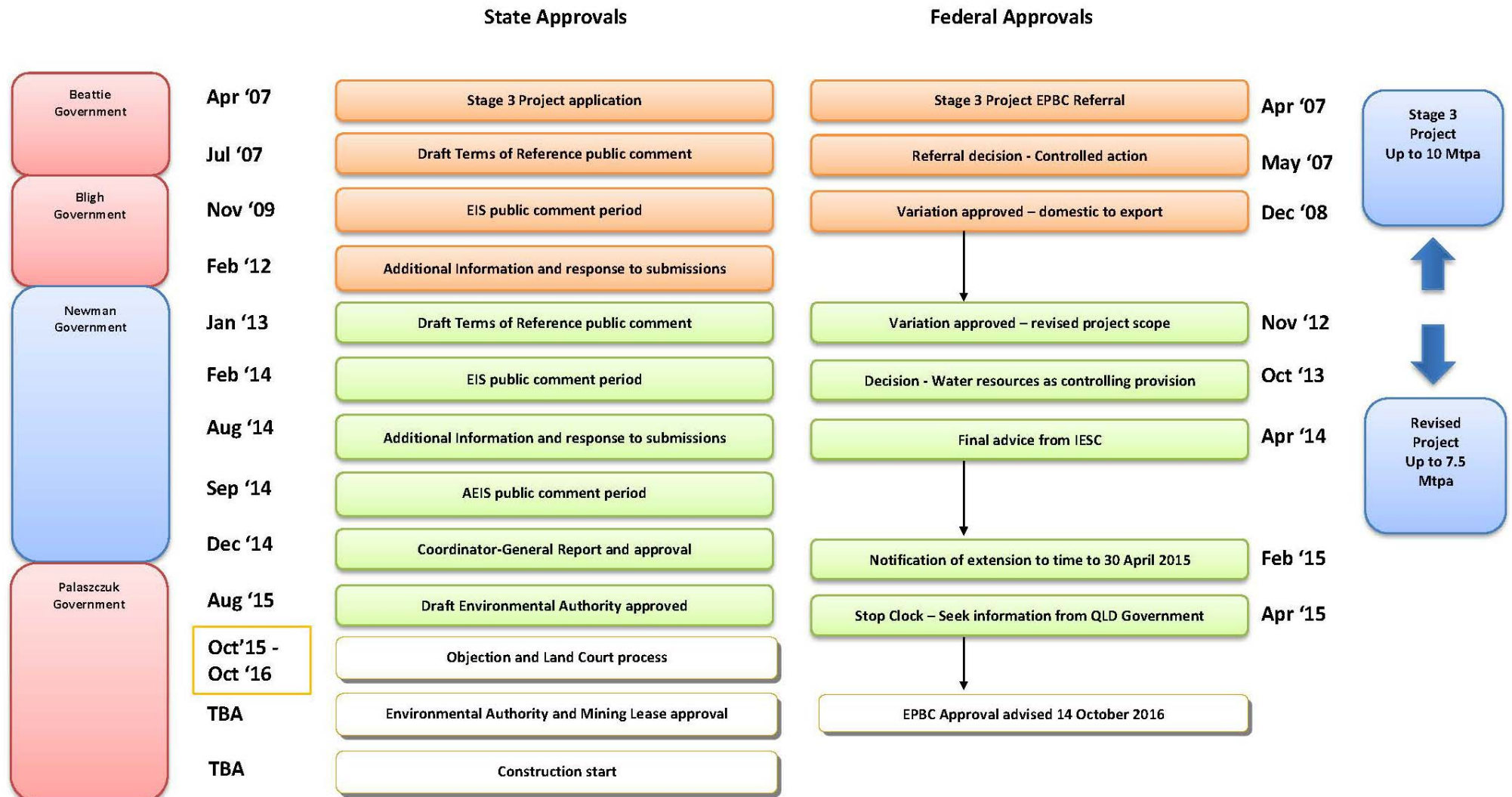


23 January 2016

New Acland Mine Rehabilitation

New Acland Stage 3

Approvals Journey and Current Status



West Moreton Operations

Jeebropilly

- Continued cost management strategies kept costs in line with expectations
- Investigation into final land form well underway



Rehabilitation

New Oakleigh





March 2016

New Oakleigh Rehabilitation

Chuwar

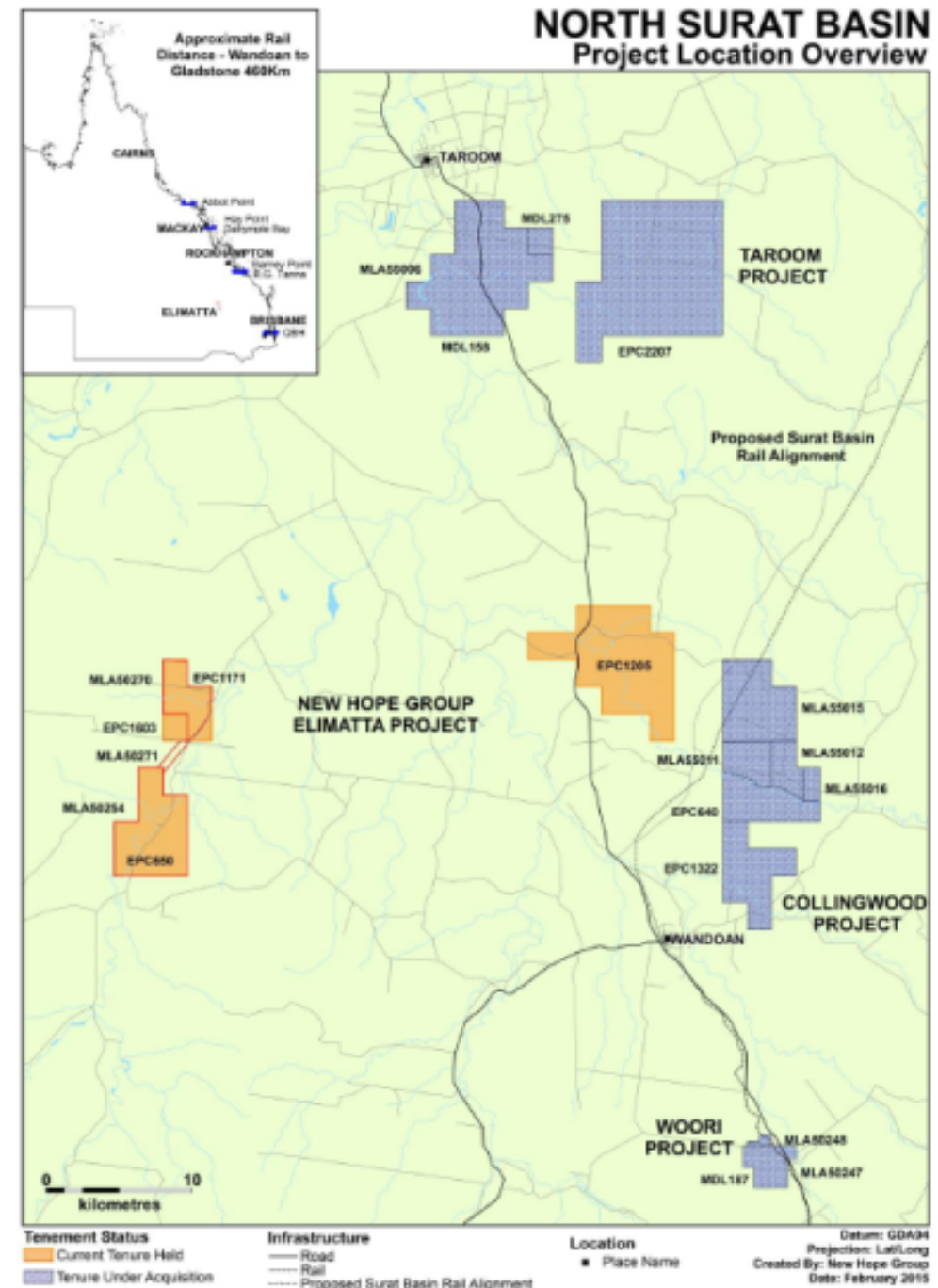
Status



North Surat Projects

- The three projects acquired from Cockatoo/Mitsui are Taroom, Collingwood and Woori
- In combination with New Hope's existing Elimatta project, the projects contain total resources of over 1 billion tonnes *
- In the short term, New Hope will focus on project development studies including evaluating a range of coal transport alternatives

* As reported in the New Hope Annual Report, released to ASX on 20 September 2016



Bengalla Operations



Bengalla Operations



Bengalla Operations

Locality Map



Bengalla Operations

Overview

- Joint Venture partners from 1st March 2016
 - New Hope Group 40%, Wesfarmers Resources 40%, Mitsui Coal 10%, Taipower 10%
- Open cut mine, using a single dragline, truck and excavator method
- High quality thermal coal for export used for electricity generation
- 8.3 million tonnes produced in 2015
- Approximately 572 full time equivalent employees
- Strong safety culture and an excellent safety record
- Bengalla is one of the lowest cost export thermal coal mines in Australia
- Bengalla has approvals in place to mine up to 15mtpa ROM coal until 2031



Bengalla Joint Venture

Period 1 March – 31 July

- Produced 3.5 million tonnes (100% - New Hope equity share 1.4Mt)
- Appointed new joint venture CEO
- Significant progress in construction & commissioning Dry Creek Diversion project
- Strong performance in safety, environmental compliance & community engagement



Innovation



Innovation

- Introduction of Aerial Survey Drones to Qld operations
 - Trialling 4G Internet connection to make drones visible to other aircraft, Oakey Army Base and Amberley Airforce Base
- Soon to commence natural gas powered haul truck trials at Acland
 - First operational trial of this technology in a mining environment



Community and Sustainability



Social Responsibility

Working together with communities

New Hope Group recognises the importance of adopting a socially responsible approach to business. We do this through:

- **Managing and mitigating the social impacts** our business activities may have on local stakeholders and the community
- **Building trust** through communication and engagement with local communities and landholders
- **Sharing the benefits** of our activities through social investment and community development programs



Social Responsibility

Highlights

Some of the highlights from the past reporting period included:

- LifeFlight Partnership – delivering valuable medical services to rural areas
- In partnership with the Cancer Council Qld, delivering the QUEST program aimed at educating school kids on healthy lifestyles
- Assisting to build the Oakey Hospital Community Gardens
- Increased engagement with landholders across our projects



Port Operations



Queensland Bulk Handling

- Exported 7 million tonnes on 90 vessels
- Demurrage free port
- 4 years Lost Time Injury free milestone



Oil and Gas



Oil & Gas

Bridgeport Energy Ltd - BEL

- Oil production totalled 191,994 barrels
- Increase 20.8% on 2015 production
- Difficult trading conditions
- Managed to limit EBITDA loss to \$1.9 million before non-regular
- Acquired Moonie oil field from Santos in Dec 2015
- Moonie field has contributed ~28,000 barrels for six months to 31 July 2016
- Previously announced planned acquisition of Kenmore-Bodalla assets from Beach Energy expected to add ~30,000 bbls per quarter from Nov'16

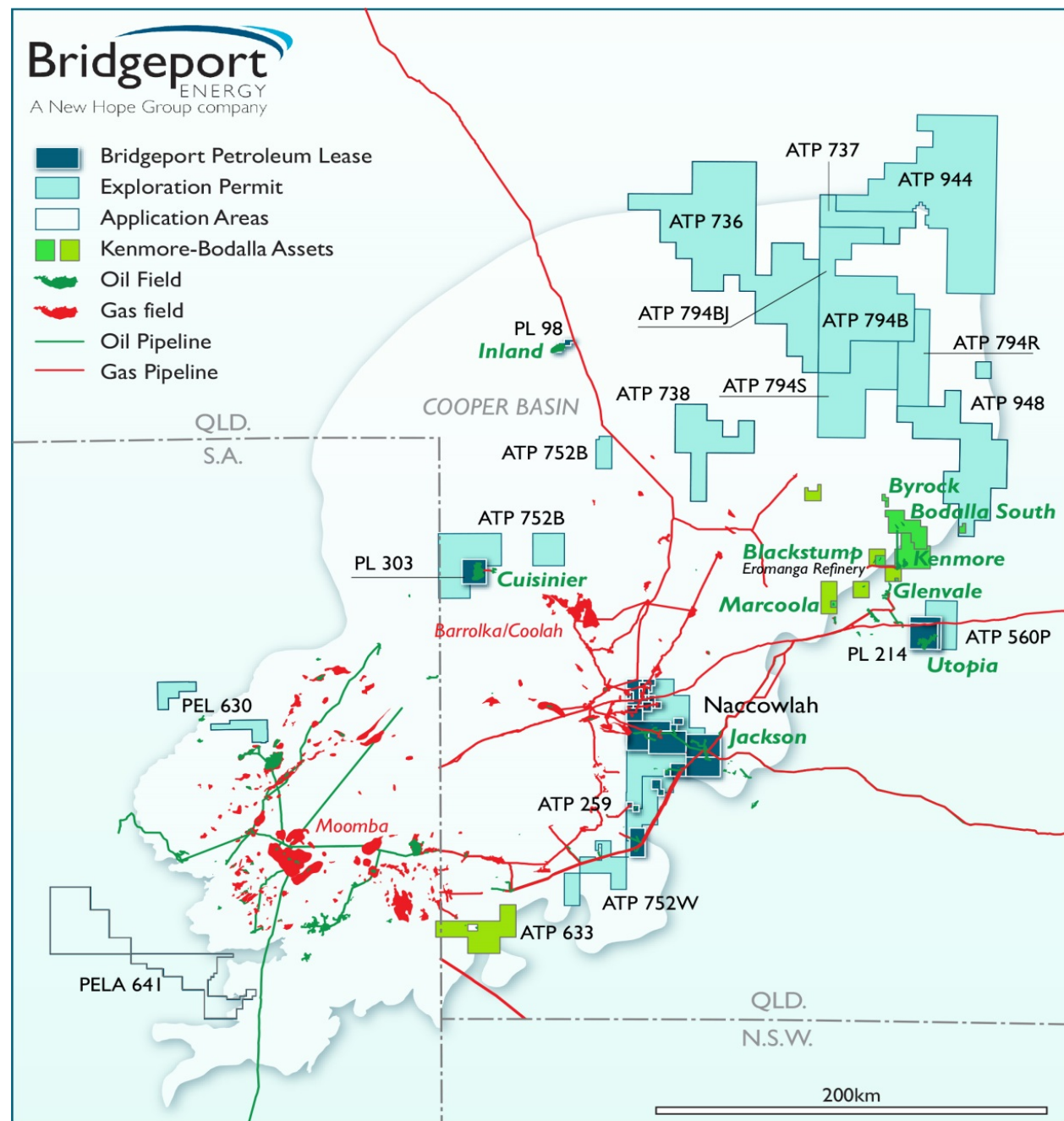


Oil and Gas

Key Developments

Cooper Basin

- Planned acquisition of Kenmore-Bodalla assets from Beach Energy from Nov'16
- BEL production targeting >1,000 bopd from all fields
- Inland-13 Birkhead frac program successfully completed at Inland
- Utopia on unmanned operation
- 3 new Cuisinier development wells and a successful exploration well
- 3D seismic mapping in PEL 630 and ATP 794 completed
- Planning is underway to drill 2 wells in PEL 630 and 1 well in ATP 794
- Farm-out campaign in full swing

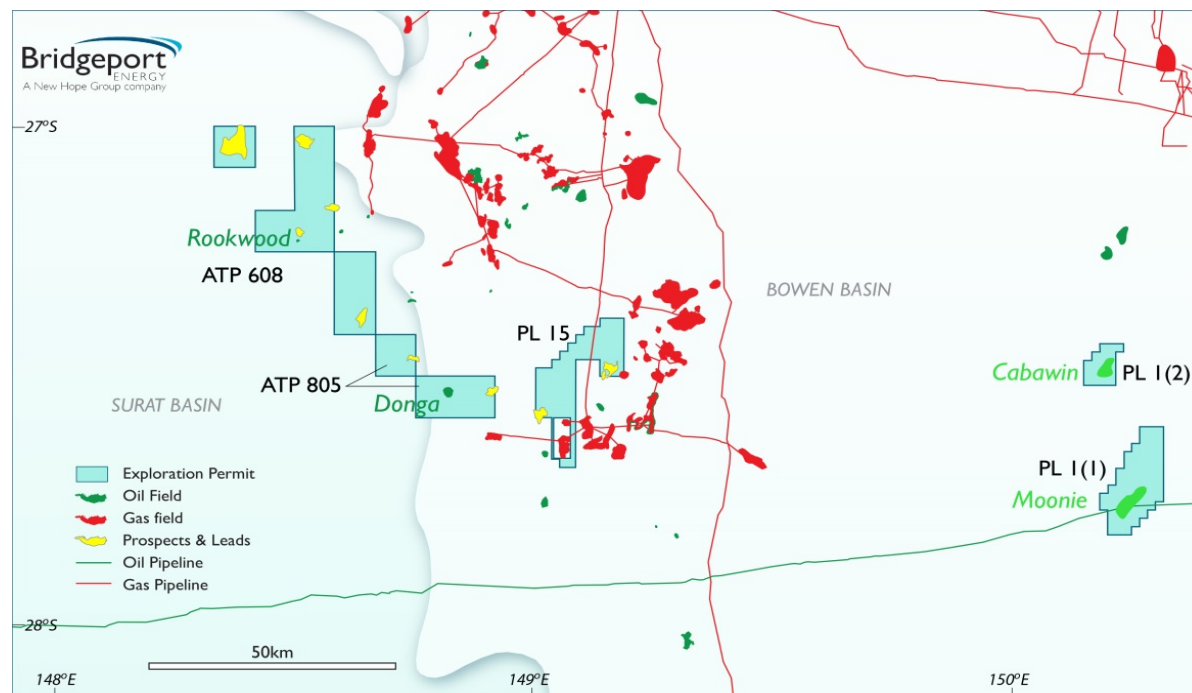


Oil and Gas

Key progress – Other Basins & Business Development

Surat Basin

- Moonie oil field acquired from Santos in Dec 2015. Moonie has contributed ~28,000 barrels to BEL production for the six months to 31 July 2016
- Moonie oil field reservoir modelling in progress – will identify production opportunities
- Moonie pump replacement programme (underway) will lead to increased production
- Potential commercial area (PCA) application submitted to retain Rookwood field
- PCA application for Donga underway



Otway Basin

- Victoria Government permanent banning of CSG fracking and moratorium on gas exploration has led to Bridgeport writing down PEP 150 & PEP 151 (\$4.1M)

Business Development

Continue to review strategic asset acquisitions and capitalise on opportunities in current market

Outlook



Outlook

- 2017 financial year targeting record Australian production of 8.9 Mt
- Timing of the 40% Bengalla acquisition in relation to improving coal prices to have a significant impact upon future financial results
- Securing the future of Acland is a top management priority
- Bridgeport continues to grow production base
 - now 2nd largest conventional oil producer in QLD
- Asian growth in demand for high quality coal in combination with a significant suite of production and development assets underpins our company's future.



Appendix



RECONCILIATION OF NET PROFIT AFTER TAX BEFORE AND AFTER NON REGULAR ITEMS

12 Months Ended 31 July (A\$000)	Coal Mining QLD	Coal Mining NSW	Oil and Gas	Treasury and Investment	Total
2016					
Net profit/(loss) after tax	(2,051)	(32,851)	(26,505)	7,727	(53,680)
Non regular items after tax					
Land access compensation	5,000	-	-	-	5,000
Acquisition costs expensed	-	(36,304)	(169)	-	(36,473)
Impairment of oil producing and exploration assets	-	-	(18,908)	-	(18,908)
Impairment of available for sale assets	-	-	-	(4,978)	(4,978)
Petroleum resource rent tax (recoverability)	-	-	(3,350)	-	(3,350)
Net profit/(loss) after tax before non regular items	(7,051)	3,453	(4,078)	12,705	5,029
2015					
Net profit/(loss) after tax	9,023	-	(42,459)	11,615	(21,821)
Non regular items after tax	(16,987)	-	(40,176)	(16,407)	(73,570)
Net profit/(loss) after tax before non regular items	26,010	-	(2,283)	28,022	51,749

The net profit after tax before non regular items referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4E and Preliminary Final Report in the Consolidated Statement of Comprehensive Income.

Reconciliation of Non-IFRS financial information

	12 Months Ended 31 July (A\$m)	
	2016	2015
Net loss after tax	(53.7)	(21.8)
Income tax benefit	(24.0)	(1.9)
Petroleum resource rent tax expense/(benefit)	3.6	(1.0)
Profit before income tax	(74.1)	(24.7)
Non regular items before tax	80.2	96.3
Profit before income tax and non regular items	6.1	71.6
Interest Expense	0.3	0.0
Earnings before interest tax and non regular items	6.4	71.6
Depreciation and Amortisation	74.9	61.2
Earnings before interest tax depreciation amortisation and non regular items	81.3	132.8

Earnings before interest, tax and non regular items (EBIT) and earnings before interest, tax, depreciation, amortisation and non regular items (EBITDA) figures referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4E and Preliminary Final Report in the Consolidated Statement of Comprehensive Income.

The presentation of the EBIT and EBITDA is to provide a measure of New Hope's performance prior to the impact of financing and non-cash depreciation and amortisation.

Reconciliation of Non-IFRS Financial Information

	12 Months Ended 31 July	
	2016	2015
Basic earnings per share (cents) (before non regular items)	0.6	6.2
Land access compensation	0.6	-
Acquisition costs expensed	(4.4)	-
Impairment of oil producing and exploration assets	(2.3)	(4.3)
Impairment of available for sale investments	(0.6)	(2.1)
Petroleum resource rent tax	(0.4)	
Impairment of coal to liquids facility	-	(2.0)
Disposal of investments	-	0.1
Impairment of goodwill	-	(0.5)
Basic earnings per share (cents) (after non regular items)	(6.5)	(2.6)

Basic earnings per share before non regular items referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in the Appendix 4E and Preliminary Final Report in the Consolidated Statement of Comprehensive Income.

Reconciliation of Non-IFRS Financial Information

	12 Months Ended 31 July	
	2016	2015
EBITDA per share (cents) (before non regular items)	9.8	16.0
Land access compensation	0.6	-
Acquisition costs expensed	(6.3)	-
Impairment of oil producing and exploration assets	(3.4)	(6.2)
Impairment of available for sale investments	(0.6)	(2.1)
Impairment of coal to liquids facility	-	(2.9)
Disposal of investments	-	0.1
Impairment of goodwill	-	(0.5)
EBITDA per share (cents) (after non regular items)	0.1	4.4

EBITDA per share before non regular items referenced in this presentation are unaudited and unreviewed. The figures have been extracted from the reviewed financial statements and reconcile to the results presented in note 1 to the financial statements calculated on a per share basis.

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