NEW HOPE GROUP

INTEGRITY • RESPECT • ACCOUNTABILITY
SAFETY • RESILIENCE • SUCCESS

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Financial Results Release

Half Year Ended 31 January 2016

Presented by
Robert Millner & Shane Stephan

22 March 2016

newhopegroup.com.au

Winner Queensland Safe Work and Return to Work Awards 2015

2015 Mining AUSTRALIAN MINING PROSPECT AWARDS FINALIST EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

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Overview

Robert Millner

Chairman

Executive Summary

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- Ongoing efforts to ensure Safe Production
- Acquisition of 40% Bengalla – a premium quality asset, effective 1 March 2016
- Cash generated from operating activities of $38.9 million, EBITDA of $49.2 million
- Profit before tax and before non-regular items totals $20.2 million
  - $4.5 million from operations (which comprises coal mining, marketing and logistics and oil and gas)
  - $15.7 million from treasury and investments
- Losses from impairments and other non-regular items of $12.3 million after tax
- After non-regular items a net profit after tax of $2.7 million
- Ongoing focus on sustainable cost reduction

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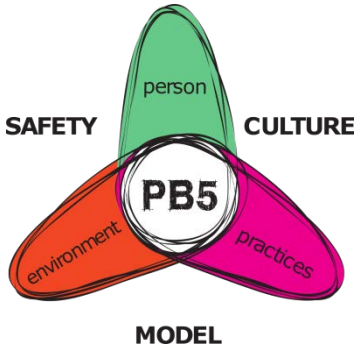
Safety Performance

Shane Stephan

Managing Director

Safety Performance

Principle of safe production



- 3 year Safety trend continues to improve
- Deteriorating performance in Q1 for LTI's and HPI's compared to same period in 2015
- To arrest negative trends we have
  - Refocussed on i-Safe/We-Safe through refresher sessions
  - Held a Senior Leaders Forum targeting: Resilience, Life Rules and Leadership Competencies
  - Reinforced senior leadership commitment to the principle of Safe Production

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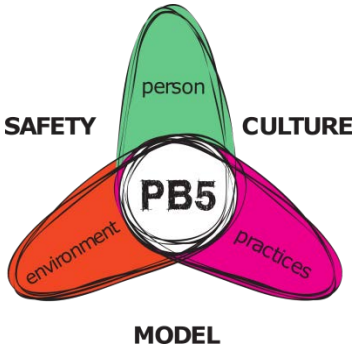
Safety Performance



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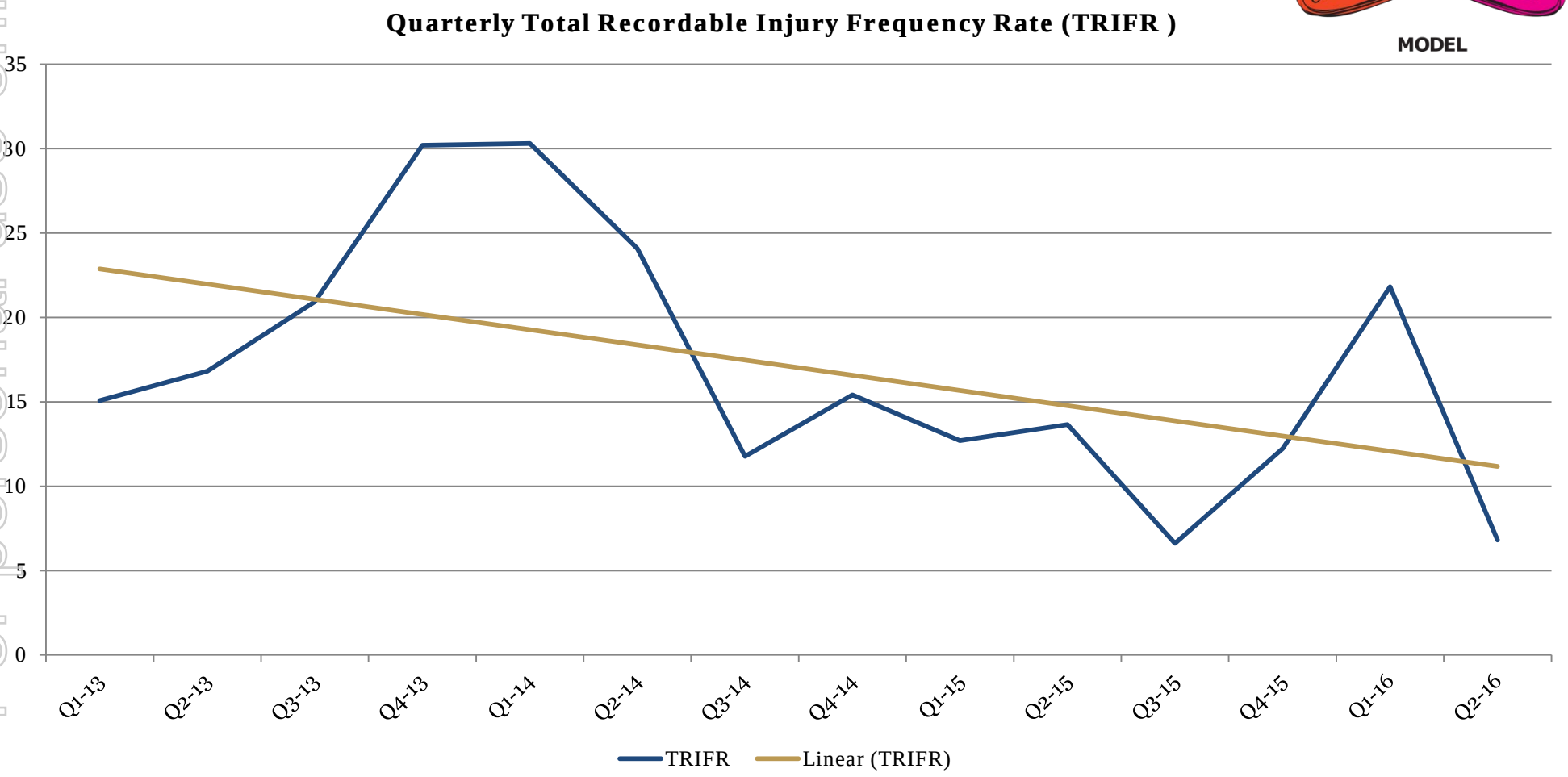

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Financial Overview

Financial Overview

1st HY 2016

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	6 Months Ended 31 January (A$m)		
	2016	2015	Change %
Revenue from ordinary activities	229.4	269.1	-15%
Earnings before interest, tax, depreciation, amortisation and non regular items ^	49.2	75.7	-35%
Earnings before interest, tax and non regular items ^	20.2	45.6	-56%
Profit / (loss) before income tax (before non regular items) ^	20.2	45.6	-56%
Profit / (loss) before income tax	6.7	(26.4)	+126%
Net profit / (loss) after tax (before non regular items) ^	15.0	34.2	-56%
Net profit / (loss) after tax	2.7	(23.1)	+112%

^ Refer to Appendix for reconciliation of non IFRS financial information

Financial Overview

HY 2016

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	6 Months Ended 31 January (cents per share)	
	2016	2015
Earnings per share before non regular items ^	1.8	4.1
Earnings per share	0.3	(2.8)
Interim dividend	2.0	4.0

^ Refer to Appendix for reconciliation of non IFRS financial information

Group NPAT Comparison

Before non-regular items half year comparison

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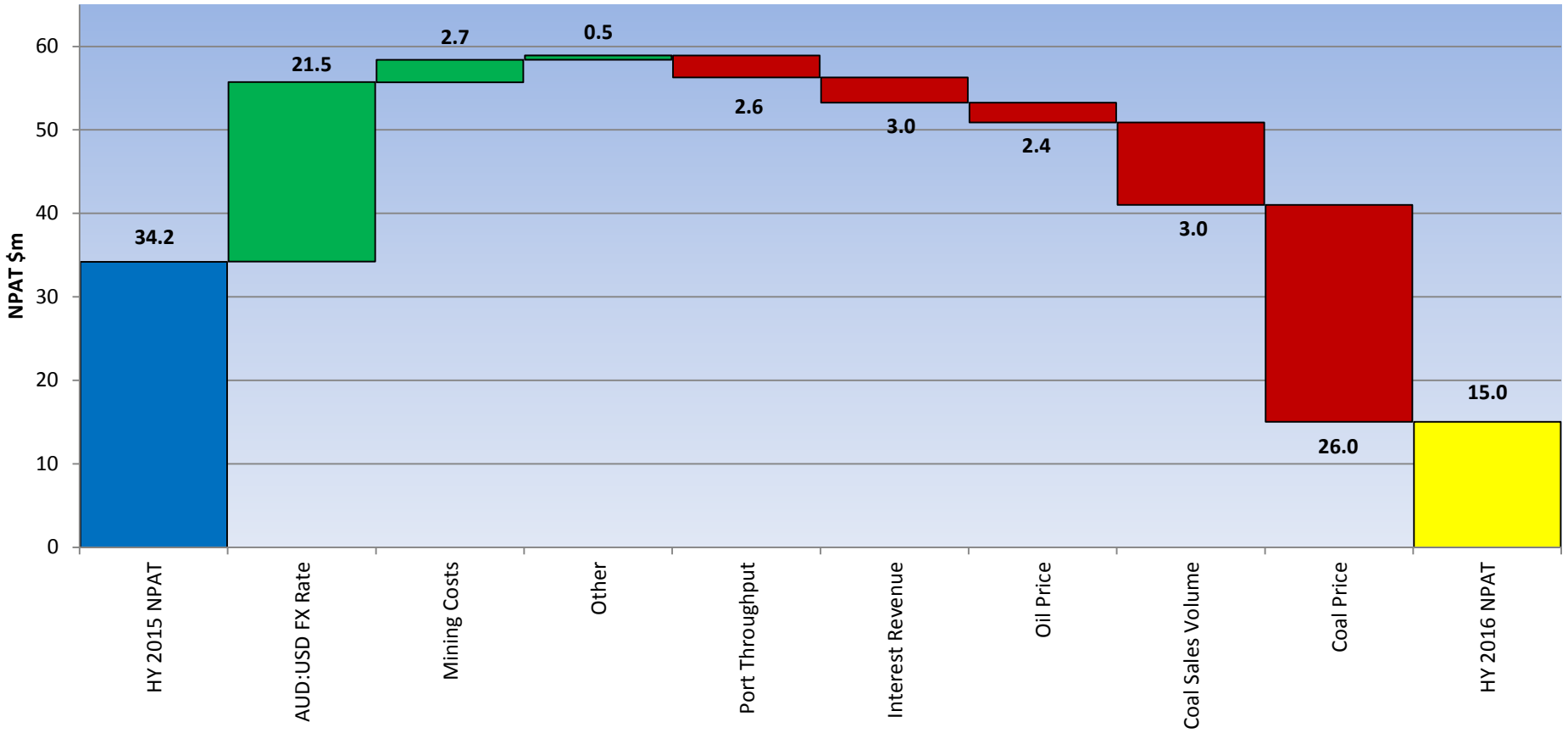

Group Cash Position

Cash position including term deposits

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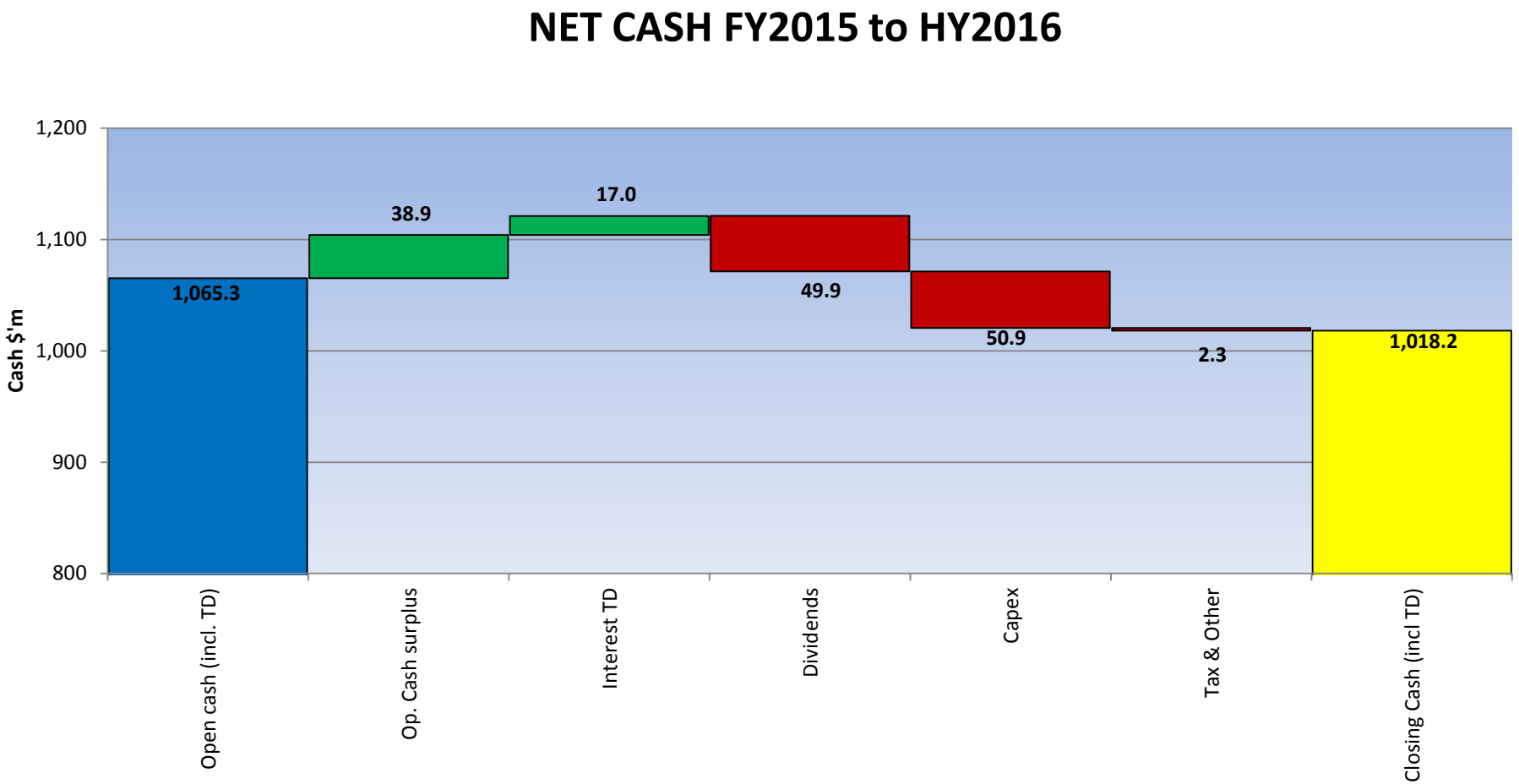

Significant Items

Impact of non-regular items on first half 2016 financial year results

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- The following events occurred during the period which are of a non-regular nature and have resulted in a net reduction to the groups after tax profit of $12.3 million, and a positive contribution to group operating cashflow of $4.8 million
  - Land access compensation received - $5 million post tax (cash receipt)
  - Impairment of Oil producing assets - $13.9 million post tax (non-cash expense)
  - De-recognition of PRRT Deferred Tax Asset $3.3 million (non-cash expense)
  - Impairment of held for sale shares in IGas and Planet Gas - $3.4m post tax (non-cash expense)

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Cost Management

Cost Management

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- Innovation initiatives sustainably reduce costs
- Wirtgen surface miner purchased for Acland replaces two dozers and a loader, with resultant productivity improvement
- Reduced noise, vibration and potential for vehicle collision
- Continuing to improve Wirtgen performance to maximise first mover advantage
- Innovation is not only new equipment but more effective simpler processes, new information systems and being open to new ideas no matter whether they come from within or outside the company

Cost Management

Operations maintaining cost competitiveness

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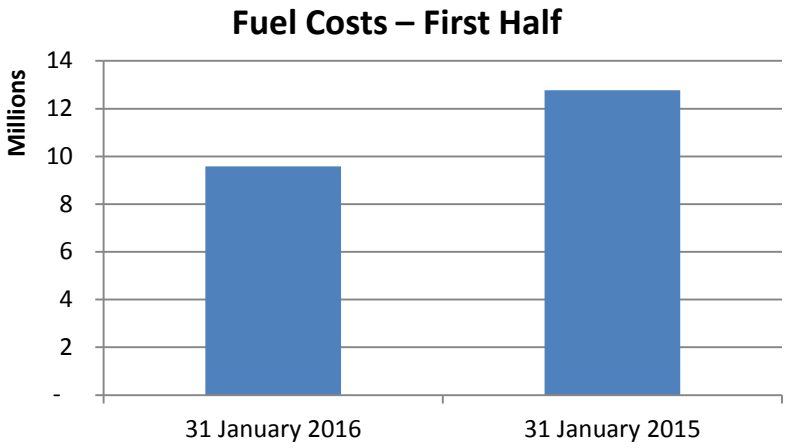
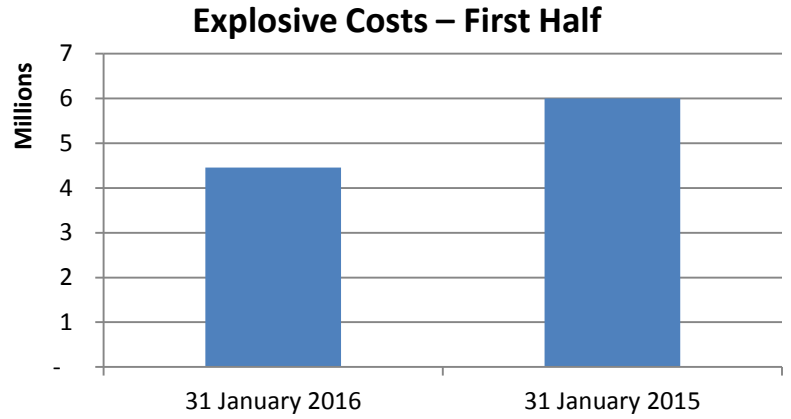
- Costs of sales reduced by $7.4 million or 5.2%, including
  - Fuel costs savings of $3.2m, equating to 33.3%
  - Blasting costs savings of $1.5m, equating to 25.7%
- Marketing and transportation costs down by $7.9 million or 10.8%
- Consideration of risk and business sustainability is critical when considering cost reductions
- Focus remains on rail, energy and inefficient regulatory costs





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Production and Sales

Production and Sales Performance

HY 2016

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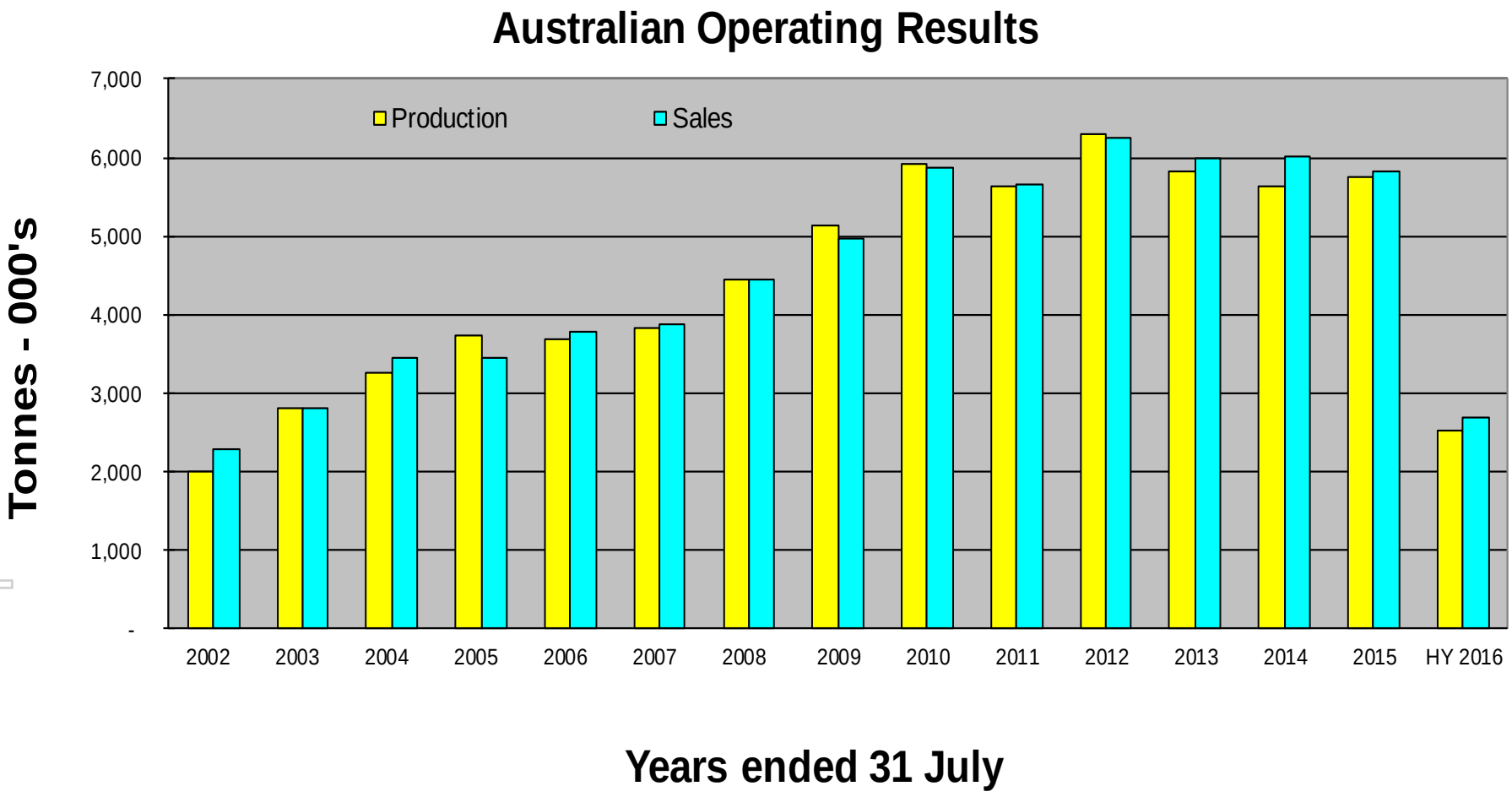

Production and Sales Tonnages

HY 2016

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	6 Months Ended 31 January (million tonnes)		
	2016	2015	Change %
ROM coal processed	5.099	5.537	-7.9%
Saleable coal production	2.529	2.871	-11.9%
Coal sold *	2.694	3.073	-12.3%

* Includes trade coal

Coal Production Volumes

HY 2016

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	6 Months Ended 31 January (million tonnes)		
	2016	**2015**	**Change %**
New Acland	2.205	2.544	-13.3%
Jeebropilly	0.324	0.327	-1.0%
TOTAL	**2.529**	**2.871**	**-11.9%**

Coal Sales Volumes

HY 2016

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	6 Months Ended 31 January (million tonnes)		
	2016	**2015**	**Change %**
Export *	2.615	3.007	-13.0%
Domestic	0.079	0.066	+19.7%
TOTAL *	**2.694**	**3.073**	**-12.3%**

* Includes trade coal

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Bengalla Operations

Bengalla Operations

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Bengalla Operations

Locality Map

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NEW HOPE GROUP

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 dragline truck and excavator method
- High quality thermal coal for export
- ROM production in 2015 was 10.7 million tonnes
- Product coal in 2015 was 8.3 million tonnes
- 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 2039
- A senior New Hope executive has been seconded into Bengalla to act as General Manager

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Community and Sustainability

OUR VISION

New Hope is a successful diversified mining and energy business. We are proud of our achievements and care about people and the environment.

We will deliver sustainable growth and enduring shareholder value through our people and quality assets.

INTEGRITY

We are *ethical*, *honest* and can be *trusted* to do the right thing

SAFETY

We share a mutual responsibility to *prevent harm* and *promote wellbeing*

RESPECT

We *listen* to our stakeholders and treat others as we expect to be treated ourselves

RESILIENCE

We strive to *achieve long term sustainability* by navigating through change and uncertainty

ACCOUNTABILITY

We *act* in accordance with our obligations, *deliver* on our commitments and *take responsibility* for our actions

SUCCESS

We take pride in the *achievement of our goals*, being *innovative* and *making a positive difference*

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Community and Social Responsibility

Working together to maintain our social licence to operate

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- We contribute around $600,000 pa to local community projects and not-for-profit groups through our Sponsorship Program and Community Investment Fund
- Our Community Reference Group at Acland provides insights on local issues to help inform company decision making
- We work with local schools to provide skills development and training opportunities such as the Oakey High School Seedling program
- We have an ongoing partnership with CareFlight Rescue to ensure emergency medical services are available for the local regional area

Community Engagement

New Acland mine family support walk

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- Over 800 New Acland employees and supporters turned out in force in Oakey on 15 March 2015 to show their support for the coal mine with a Family Support Walk through the town
- Employees at the mine came up with the idea for the event to show their pride in working and living in the region
- Employees were joined by their families, community members, contractors and local business owners

New Acland Coal Mine Stage 3 Project

Highlights

- Continue the mine until approximately 2029, supporting approximately 435 operational jobs at peak, construction jobs of up to 260, plus thousands of indirect jobs
- Potential expansion of the mine to 7.5 Mtpa product
- Contribute $300 million per annum to the South East Queensland economy, $100 million per annum of which goes to the Darling Downs
- Relocate Jondaryan Rail Loading Facility to a site on the mining lease
- Maintain Acland town area through the Acland Management Plan
- The project is currently before the Land Court and New Hope will assist the court wherever possible

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New Acland Coal Mine Stage 3 Project

Project timeline

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	Regulatory Approvals	Engineering	Stakeholders
Nov '14		FEED Complete Board Approval Detail Design $47M	
Dec '14	CG Report / Conditional Approval		
Feb '15	EPBC Approval - Federal Gov't (now deferred)	Detail Design	
Apr - Jul '15	EA and ML Process - Objections	Contract Tender	
Mar '16	Land Court Process	Early Works / Long Lead Commitments	
Mid '16	Land Court Decision		
Q3 / Q4 '16	EA and ML Grant	Final Board Approval	
		Construction	
End '17 Early '18		First NAC03 Coal	

Enhanced Interaction Program

- Employees
- Local Community and Business
- Government
- TRC
- Media
- Commitments Register

Ongoing

Rehabilitation

Land management

- New Hope is committed to the progressive rehabilitation of land across its operations
- Rehabilitation is progressive and occurs right behind the mining activities
- To date 405 Ha of land has been fully rehabilitated at Acland
- Clear demonstration of the compatibility of mining and agriculture

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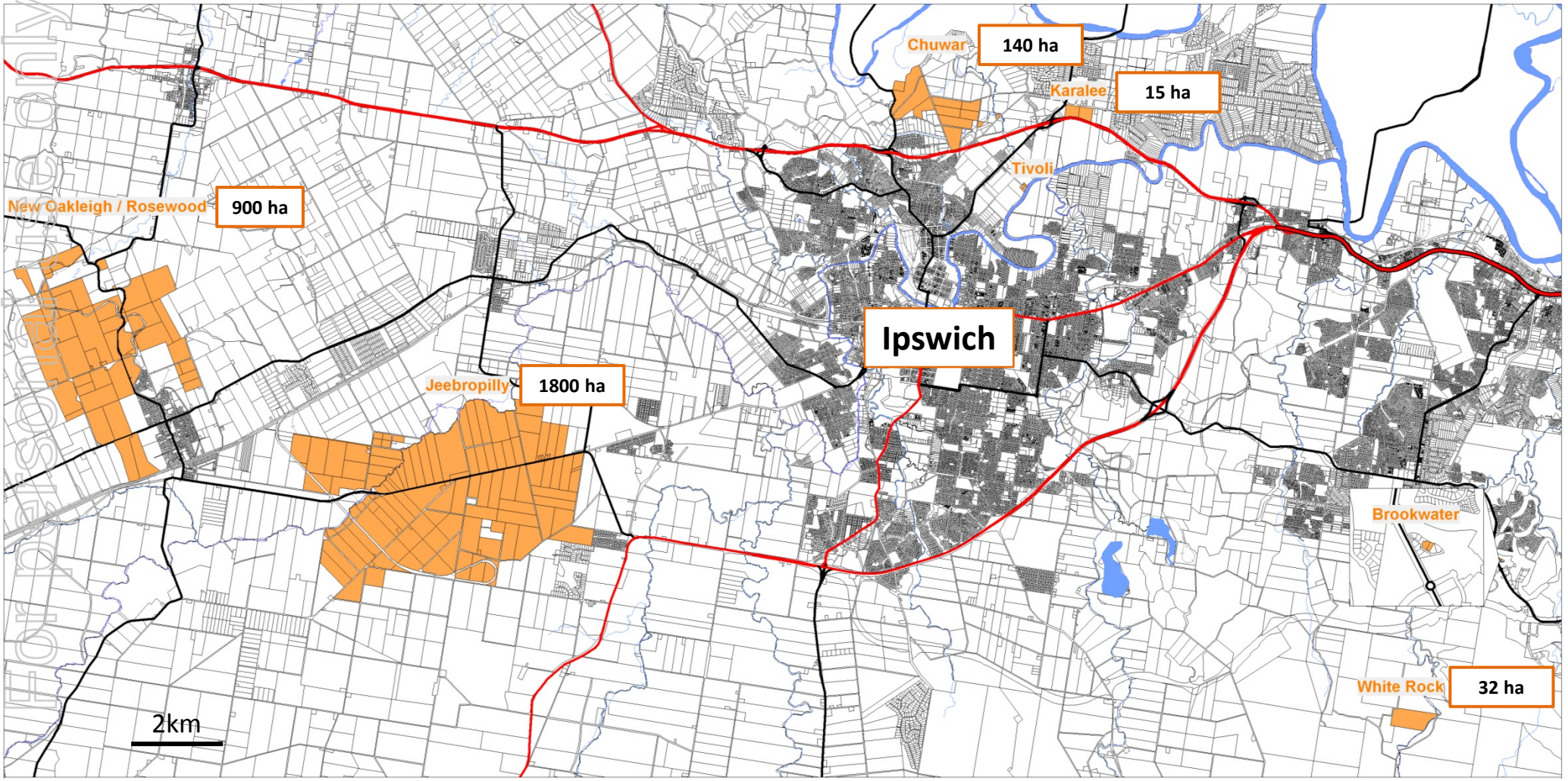
West Moreton Landholdings

Approximately 2800 hectares



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Thermal Coal Markets

Seaborne Thermal Coal Demand

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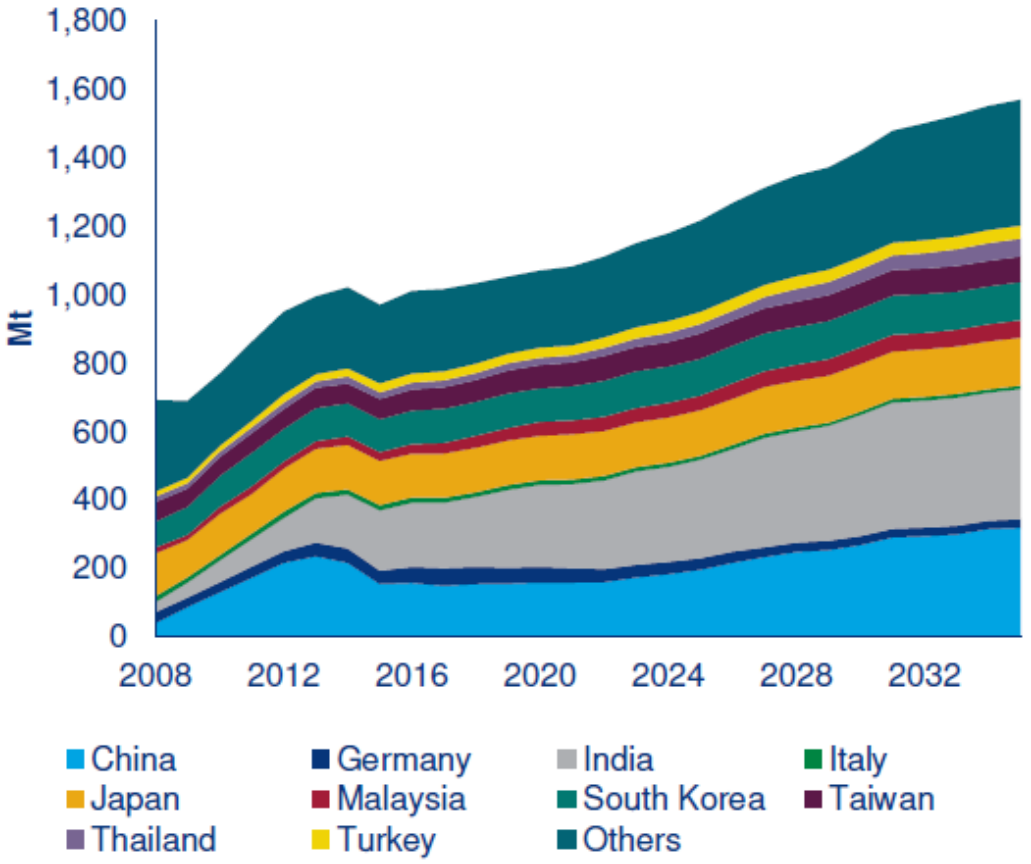
- China import demand declining, during 2015, 143Mt thermal coal, down 64 Mt from 2014
  - Majority of domestic mines are cash negative at current prices
  - High energy seaborne imports more economical thar domestic coal
  - Chinese demand for Australian thermal coal is expected to remain flat for 2016
  - Import tariffs against Australian coal declining due to trade agreement to zero by January 2017
- India is expected to increase coal fired power generation by >80% over the next 6 years
- India is adding >5GW of annual coal fired power capacity each year for the foreseeable future
- India will expand domestic supply however import demand is expected to grow by 200Mt over the next 20 years
- Vietnam, Philippines and Korea are growing markets
  - Phillippines to triple coal fired power demand over the next 5 years from 5.8GW to 18GW
- Coal is the preferred fuel for electricity in Asia due to both availability and economics – gas fuelled electricity generation is still more than twice the cost of coal fuelled electricity generation in Asia
- Electric intensity in South East Asia + China is currently about half of Japan's (8,000 GWh/ million people)

Seaborne Demand 2008-2035 by country



SOURCE: Wood Mackenzie Coal Market Service

Seaborne Thermal Coal Supply

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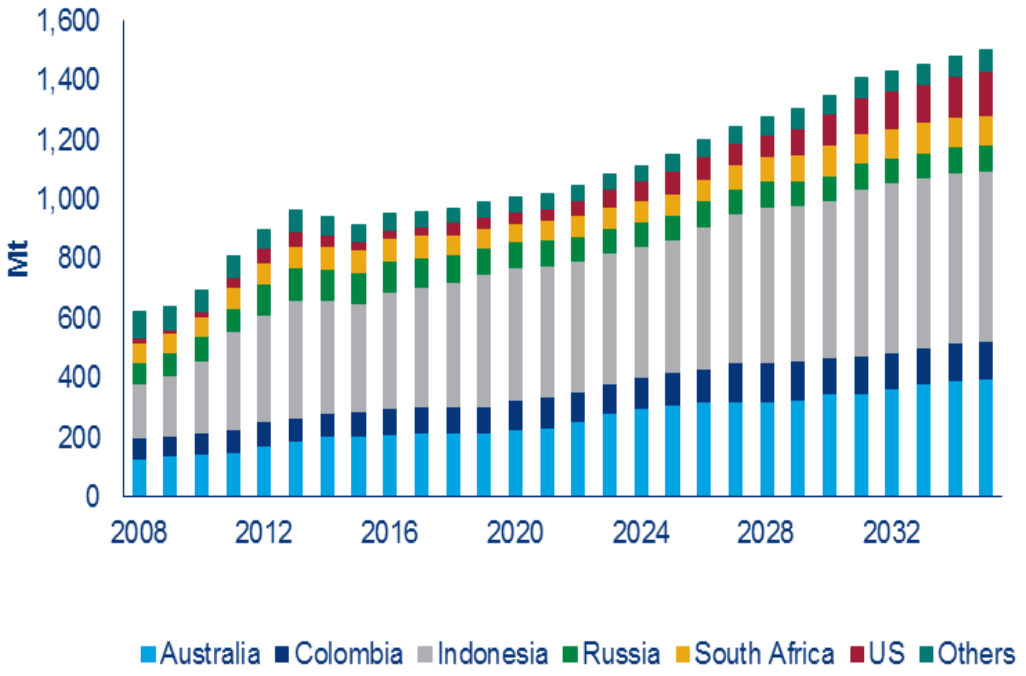
- Supply growth is moderating from Indonesia and Australia
  - Indonesia
    - Announced 20GW of new coal fired generation capacity by 2020 requiring 70 Mtpa of domestic coal Australian thermal coal supply growth near zero
    - Competition from Russia & Australia due to currency depn.- no benefit for Indonesia
    - Expect at least another 25Mtpa supply to come out of the market in 2016
  - Australia
    - Benefitting from weaker currency, low oil price, efficiency gains
    - Supply growth very limited and price is currently below that required to incentivise new production
    - Excessive regulation will limit supply upside from Australia
  - Russia
    - Exports diverted to the east and competitive due to weak Rouble
    - Increasing rail tariffs, increasing oil prices are expected to harm their competitiveness in the longer term
  - South Africa
    - Benefitting from weak currency
    - Geographic proximity to India gives them an advantage.
    - Supply capped by logistics constraints
- Globally, many coal producers are not profitable at current prices and are undergoing restructuring

Seaborne Supply 2008 – 2035 by country



SOURCE: Wood Mackenzie Coal Market Service

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Port Operations

Port Operations

Queensland Bulk Handling

- QBH exported 3.5Mt for the half year period
- QBH is a despatch port
- QBH management and staff maintained the strong safety performance, this year delivering over 3 years Lost Time Injury (LTI) free
- Strong focus on cost control through productivity improvement, management of maintenance and reduction of raw material inputs

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Oil and Gas

Oil and Gas

Bridgeport Energy

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	6 Months Ended 31 January (A$m)	
	2016	2015
Total revenue	4.700	6.867
Earnings before interest tax depreciation amortisation and non regular items	(1.198)	(561)
Profit before tax (after non regular items)	(18.226)	(57.741)
Less income tax benefit (expense)	7.064	15.846
Less petroleum resources rent tax benefit	(4.786)	816
Profit after tax (after non regular items)	(15.988)	(41.079)

Oil and Gas

Production and revenue

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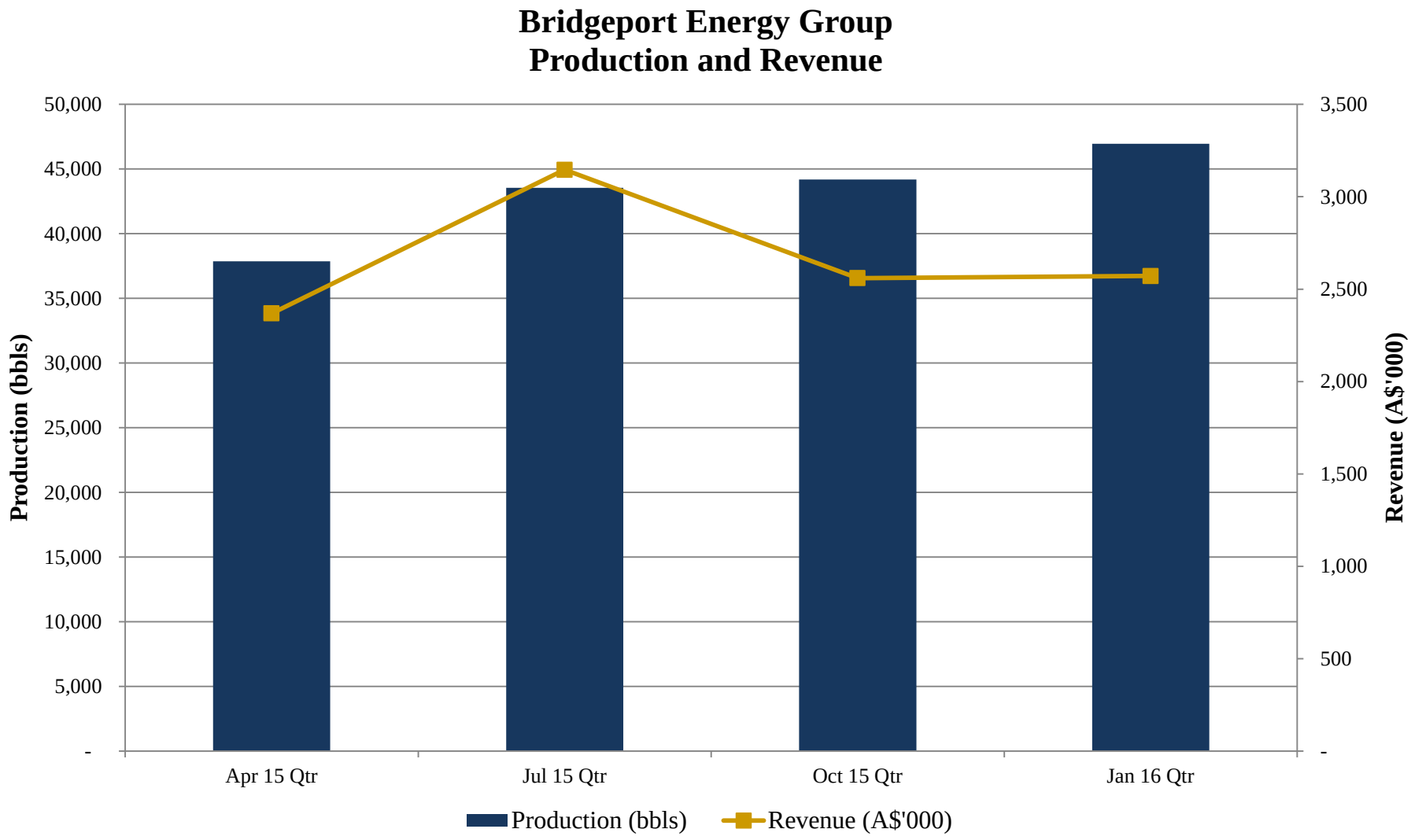
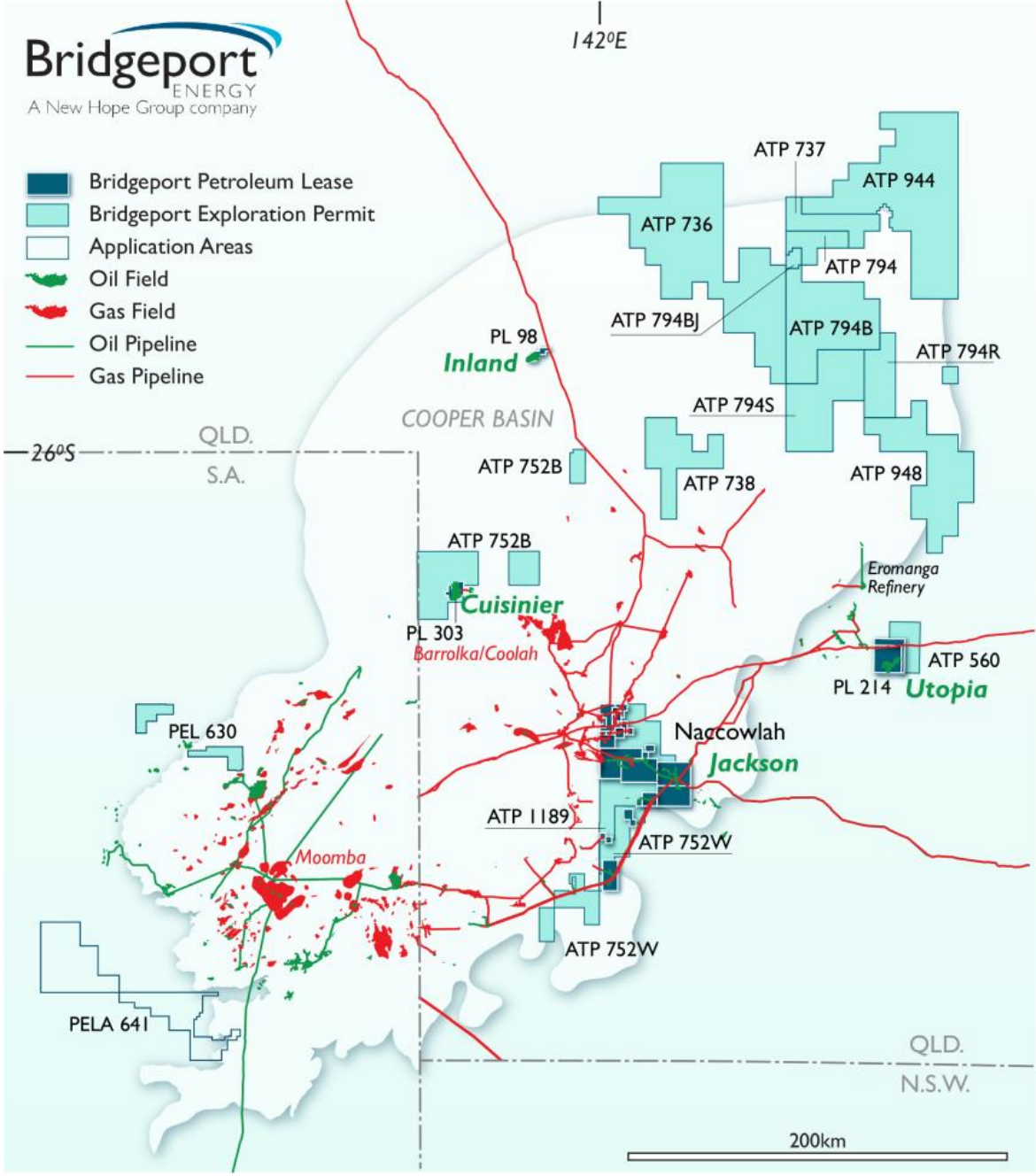


Oil and Gas

Key progress 1H 2016

- Completed acquisition of producing Moonie Oil field in the Surat Basin from Santos in Dec 2015
- Production enhancement works completed at Inland, Utopia and Cuisinier fields
- 3D Seismic programme completed at PEL 630, ATP 794 and ATP 805
- A number of potential strategic asset acquisitions are under active review
- Bridgeport is the holder of a large area of exploration interests in the Cooper Basin



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Oil and Gas

Cost focus

Given the low oil price environment, Bridgeport has continued to focused on significant costs saving initiatives. These include:

- Progressing to ‘not normally manned’ (NNM) operations at Utopia field
- Modification of production facilities at Inland (installation of skimmer tank to increase water capacity leading to increase oil production)
- Reduction of head count in the field and head office
- Review of third party contractor services leading to reduced costs
- Renegotiated crude sales agreements resulting in more favourable terms
- Major review of exploration portfolio; prioritising work programmes and commitments and possible deferrals of drilling activities
- Reduction in corporate costs

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Outlook

Outlook and Focus

New Hope has a long term strategy

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- Market View
  - Markets are changing with European demand declining however high quality thermal coal will remain in demand in Asia for many decades to come – there remains no economically sustainable substitute for coal in Asia
  - Prices will continue to fluctuate and it will be critical to maintain a cost competitive position on the Asian energy supply curve. Australia needs to maintain its competitiveness in production, transport and regulation.
- Focus
  - Deliver safe, efficient and cost effective production outcomes through retaining a high calibre team with the right culture
  - Achieve an excellent reputation in our local communities and be respected by our stakeholders
  - Secure the future of new Acland and realise full value from our existing assets
  - Working with our Joint Venture Partners and the management team at Bengalla to increase the value of New Hope's investment of 40% in this premium quality long life asset

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Appendix

Reconciliation of non IFRS Financial Information

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	6 Months Ended 31 January (A$m)	
	2016	2015
New profit / (loss) after tax	2.7	(23.1)
Income tax (expense) / benefit	0.8	2.5
Petroleum resource rent tax (expense) / benefit	(4.8)	0.8
Profit before income tax	6.7	(26.4)
Non regular items before tax	13.5	72.0
Profit before income tax and non regular items	20.2	45.6
Interest expense	0.0	0.0
Earnings before interest tax and non regular items	20.2	45.6
Depreciation and amortisation	29.0	30.0
Earnings before interest tax depreciation amortisation and non regular items	49.2	75.7

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 4D and Interim 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 Net Profit after Tax before and after non Regular Items

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6 Months Ended 31 January (A$m)					
	Coal Mining	Oil & Gas	Marketing & Logistics	Treasury & Investment	TOTAL
2016					
Net profit / (loss) after tax	0.039	(15.988)	11.129	7.543	**2.723**
Non regular items after tax					
Impairment of oil producing and exploration assets	-	10.520	-	-	**10.520**
Impairment of available for sale investments	-	-	-	3.436	**3.436**
Petroleum resource rent tax (de-recognition due to impairment)	-	3.353	-	-	**3.353**
Land Access Compensation	(5.000)	-	-	-	**(5.000)**
Total non regular items after tax	(5.000)	13.873	-	3.436	**12.309**
Net profit / (loss) after tax before non regular items	(4.961)	(2.115)	11.129	10.979	**15.032**

Reconciliation of Net Profit after Tax before and after non Regular Items

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6 Months Ended 31 January (A$m)					
	Coal Mining	**Oil & Gas**	**Marketing & Logistics**	**Treasury & Investment**	**TOTAL**
2015					
Net profit / (loss) after tax	3.524	(41.079)	15.569	(1.153)	**(23.139)**
Non regular items after tax	0	40.952	0	16.407	**57.359**
Net profit / (loss) after tax before non regular items	3.524	(0.127)	15.569	15.254	**34.220**

Reconciliation of non IFRS Financial Information

For personal use only

	6 Months Ended 31 January	
	2016	2015
Basic earnings per share (cents) (before non regular items)	**1.8**	**4.1**
Land access compensation	0.6	-
Disposal of Dart Energy Limited shares	-	0.1
Impairment of oil producing and exploration assets	(1.3)	(4.4)
Impairment of goodwill	-	(0.5)
Impairment of available for sale investments	(0.4)	(2.1)
Petroleum resource rent tax (de-recognition due to impairment)	(0.4)	-
Basic earnings per share (cents) (after non regular items)	**0.3**	**(2.8)**

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 4D and Interim Report in the Consolidated Statement of Comprehensive income.

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