



NEW HOPE
GROUP



The Bengalla Homestead

BENGALLA MINE SITE VISIT FOR ANALYSTS

26 SEPTEMBER 2019

Presented by Andrew Boyd - Chief Operating Officer
and Cam Halfpenny – General Manager, Bengalla Mine

New Hope Corporation Limited
(ASX code: NHC)
newhopegroup.com.au

New Hope Group overview

- Majority Australian-owned and operated
- Diversified energy company
- Based in Ipswich since 1952
- Long term major shareholder (currently 49.98%), Washington H. Soul Pattinson (ASX:SOL)
- One of Queensland's largest ASX listed corporations by market capitalisation (circa A\$2 billion)
- 10.9Mt production in FY2019
- Interests in coal, oil, port, exploration and agriculture
- Direct workforce of ~1200
- 47 employees with more than 25 years' service



Who is New Hope Group?



Coal Operations

Bengalla Mine

New Acland Mine

New Acland Mine
Stage 3 Project

Jeebropilly Mine and wider
West Moreton operations

Coal Projects

Lenton Joint Venture
Burton Mine

North Surat Project

Yamala Project

Coal Exploration

Bee Creek

Churchyard Creek

Agriculture

Acland Pastoral Operations
Bengalla Pastoral Operations

Oil Operations and Exploration

Bridgeport Energy

Port

Queensland Bulk Handling

FY2019 performance summary

Best full year profit before non regular items in Company history

Profit after income tax
(before non regular items)

\$268M

▲ 3% from 2018

Cash generated from ops
(before interest, tax and
acquisition costs)

\$510M

▲ 17% from 2018

Total tonnes sold

10.9M

▲ 21% from 2018

EBITDA
(before non regular items)

\$517M

▲ 11% from 2018

Final dividend

9.0 cents

▲ 13% from 2018

State Government
Certified Rehabilitated
Land

349ha

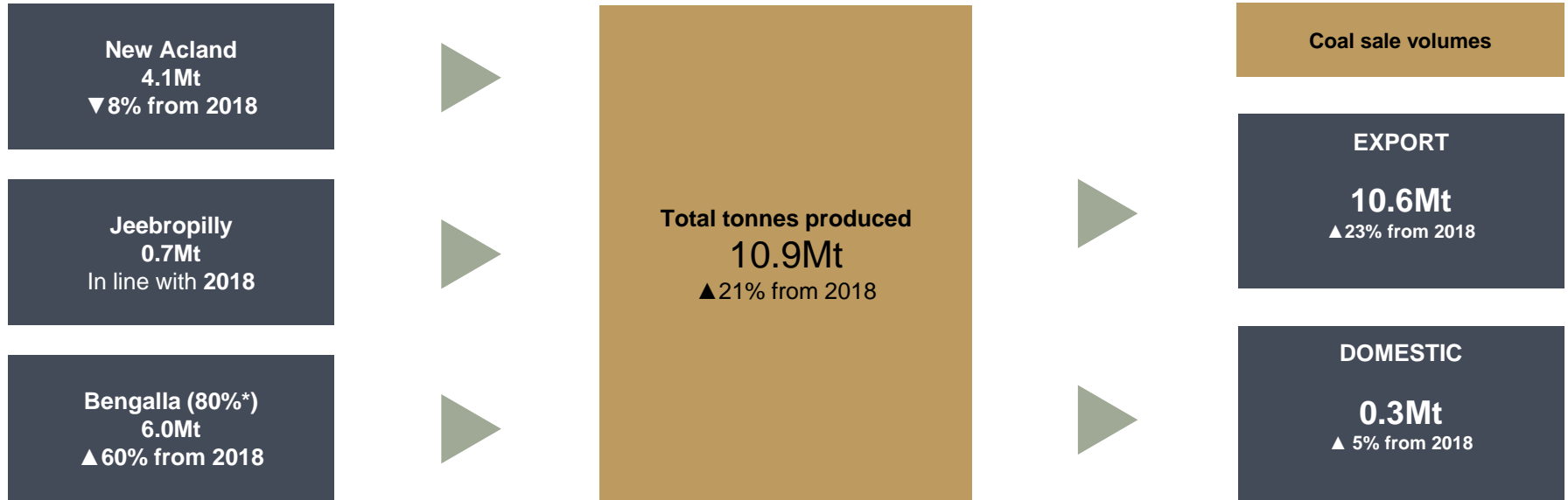
at New Acland Mine



Please refer to Appendix for reconciliation of Non IFRS Financial Information.

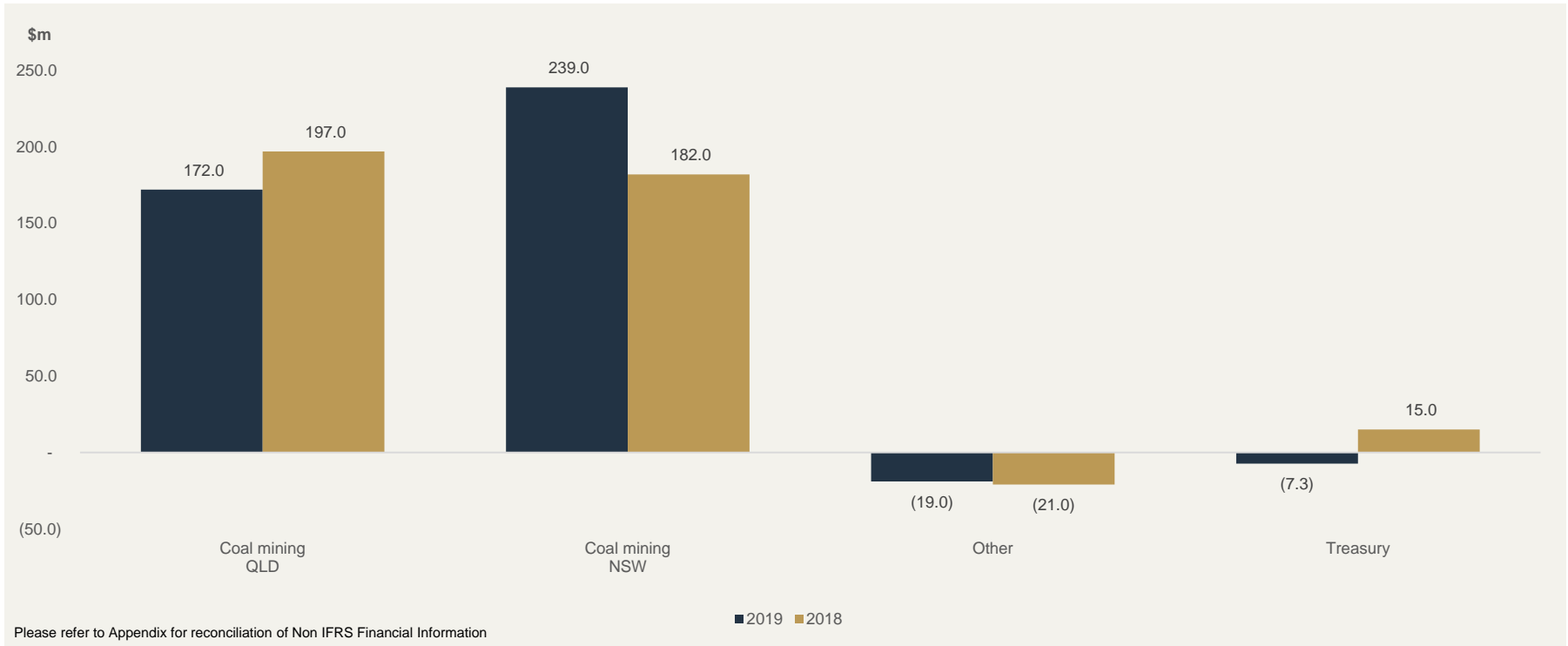
FY2019 production and sales

Year ended 31 July 2019

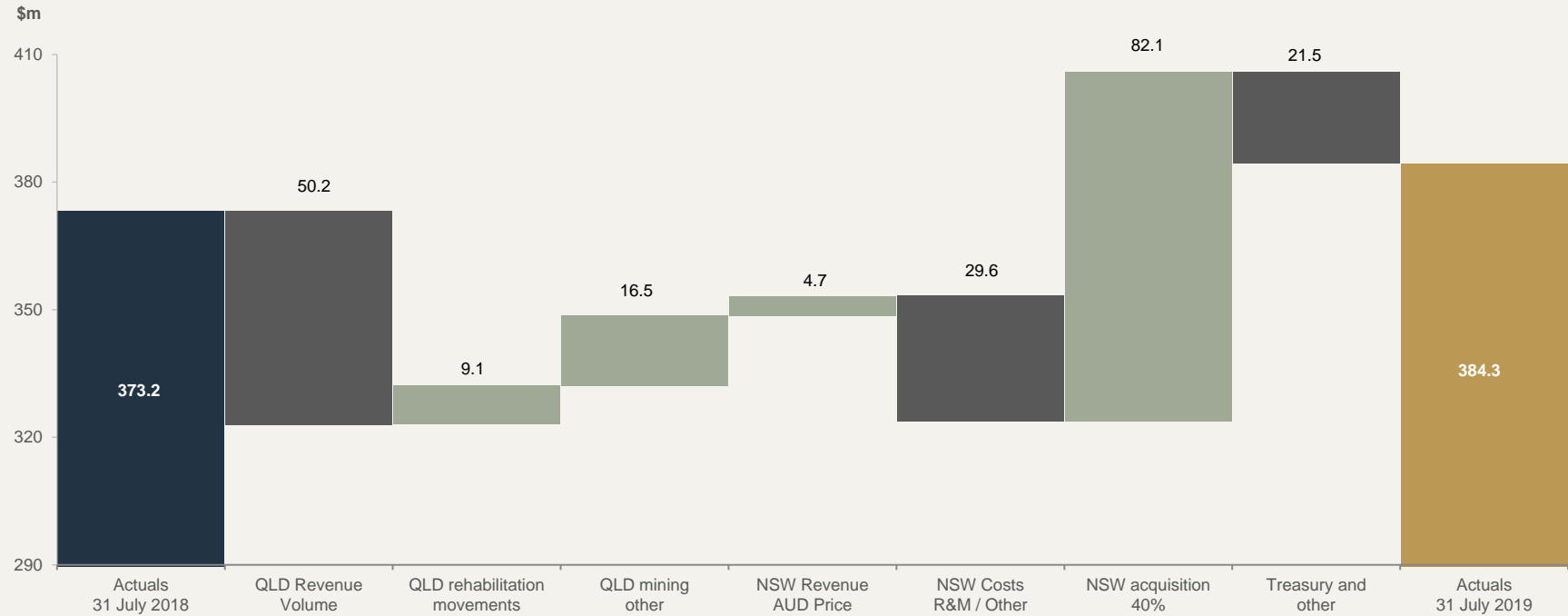


* New Hope's equity share increased from 40% to 70% on 1 December 2018 and to 80% on 25 March 2019.

Segment profit before tax and non regular items (including Treasury reconciliation)



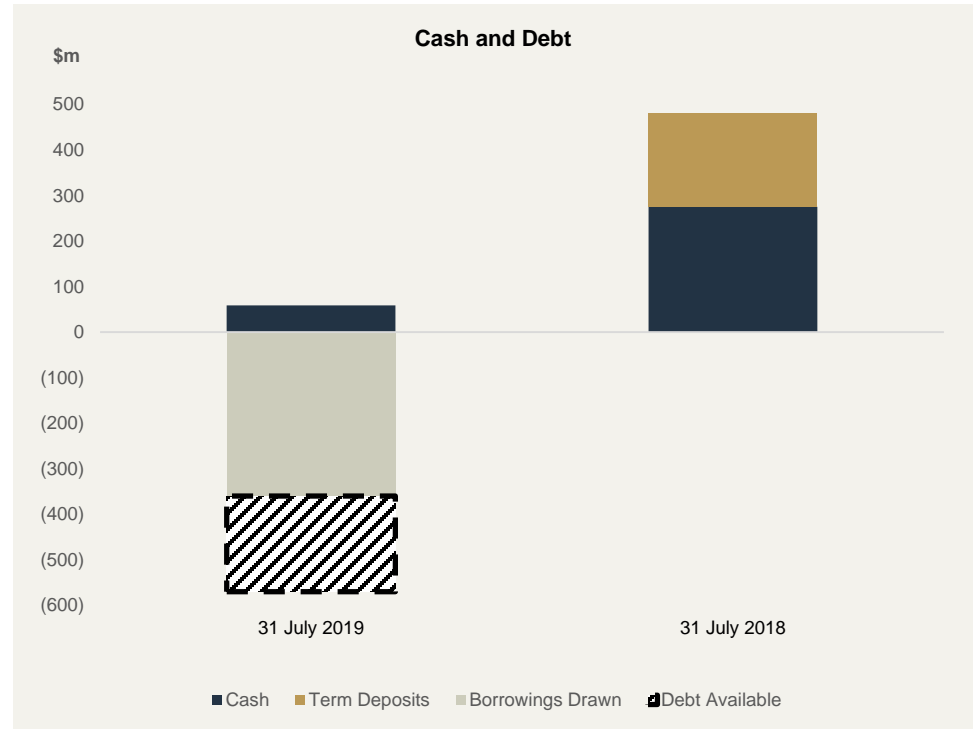
Group profit before tax and non regular items comparison



Please refer to Appendix for reconciliation of Non IFRS Financial Information

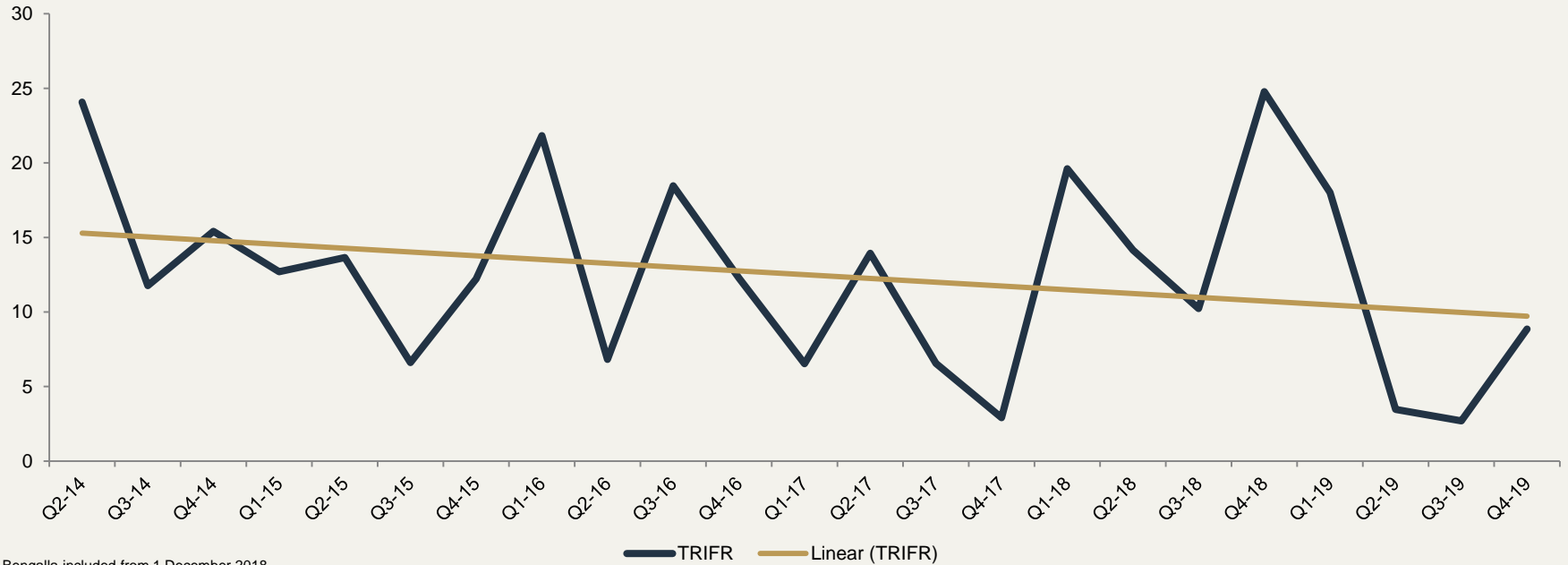
Debt facility in place to enable future growth opportunities

- During the year, the Company entered into an amortising secured loan facility for \$600 million (amortised to \$570 million) with a syndicate of Australian and international banks. The Company had been debt free since 2006 prior to the draw down for the Bengalla acquisition.
- Net debt at 31 July 2019 \$301.2 million. The debt facility available for draw down is \$210 million.



Safety performance

NHG Quarterly Total Recordable Injury Frequency Rate (TRIFR)^



^ Bengalla included from 1 December 2018



NEW HOPE BENGALLA MINE

Cam Halfpenny – General Manager, Bengalla Mine

Welcome to Bengalla

You can watch this video online at: <https://www.youtube.com/watch?v=MoMLTk8nXIU&feature=youtu.be>



Bengalla operational overview

- Lease established – 1996
- First Coal – 1998
- Tonnes Mined to date ~ 125 million tonnes saleable coal
- Enviaible strip ratio and yield
- History of strong operational performance
- Development consent approval to continue mining until 2039
- Joint venture structure now simplified with New Hope Group 80% and Taipower 20%



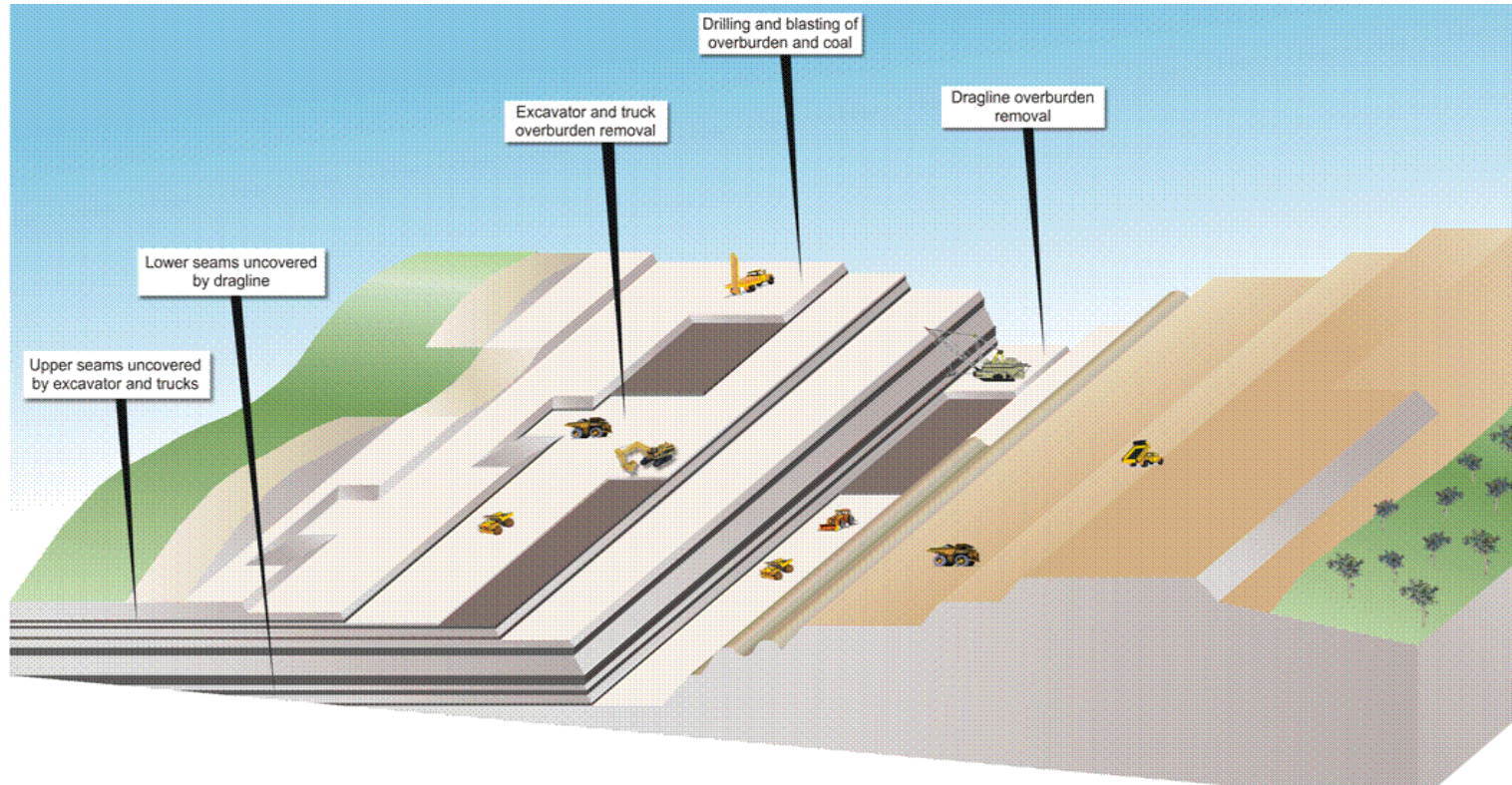
Bengalla - an integral part of the Upper Hunter Community

Supporting our community

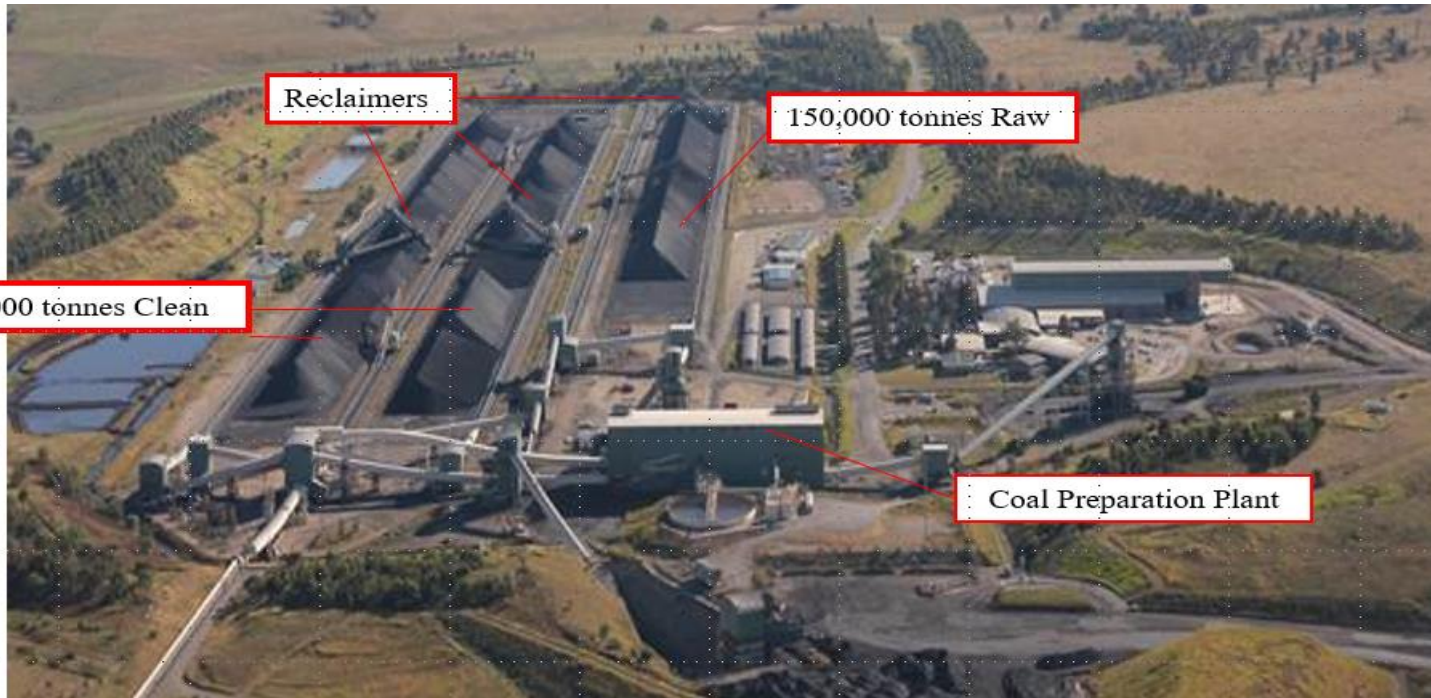
- Science Technology Engineering Mathematics (STEM) education for local students via Muswellbrook Academy of STEM Excellence
- Mining Engineering scholarship program
- Annual vacation student program and apprenticeship program
- Volunteering – staff donating time for community projects
- Support for local events and initiatives including the Muswellbrook Show, swimming lessons for primary school students and PCYC gymnasium



Bengalla mining method



Plant and product stackers



Bengalla key facts

Current workforce:

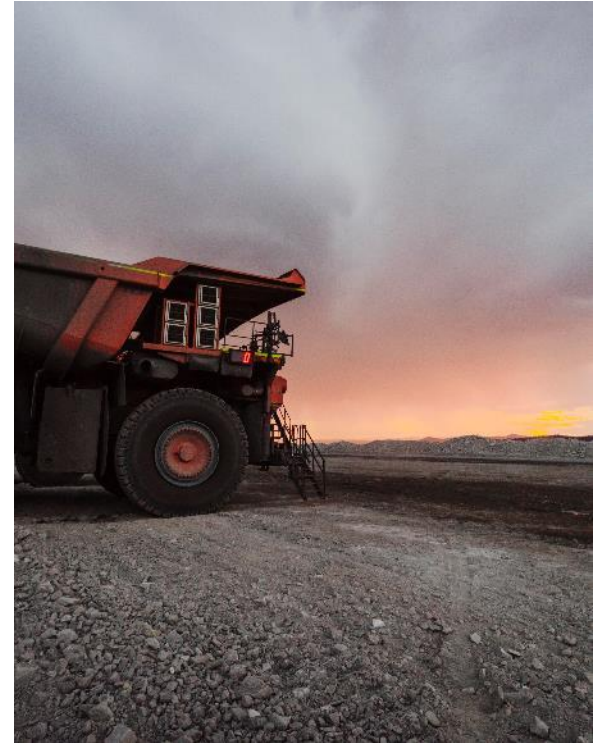
- 442 permanent employees
- 244 Category one contractors
- 139 category 3 contractors
- Current enterprise agreement expires early 2022

Equipment and installed facilities:

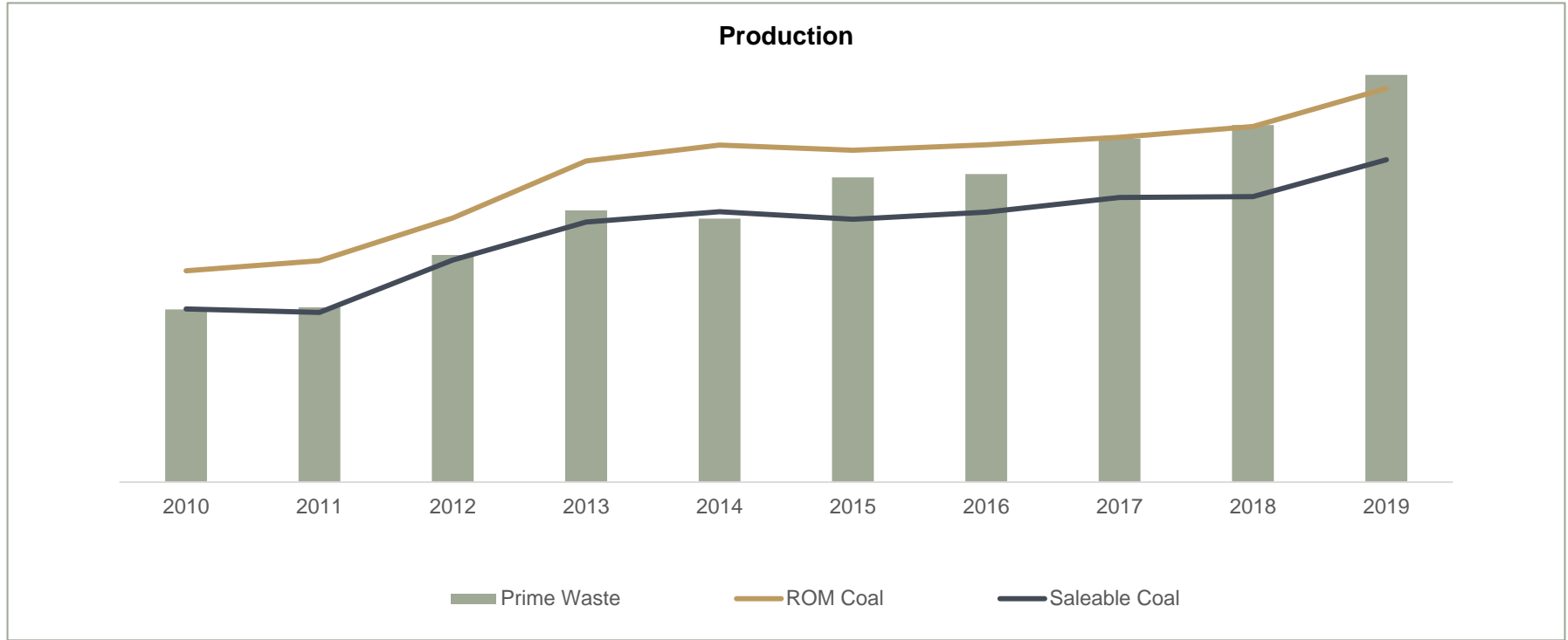
- 1 dragline
- 7 excavators
- 36 trucks (200t – 320t capacity)
- 4 drills
- 1 coal handling and preparation plant (10.7Mtpa ROM nameplate)
- 1 rail load point

Highlights:

- Development consent limit 15Mt ROM Coal until 2039
- Production FY2019, 9.3 Mt saleable coal
- Run rate production FY2020, 10.0Mt saleable coal



Bengalla – a history of operational improvement



Bengalla Mine – a New Hope operation

Bengalla's contribution grows

- New Hope share of saleable coal production 6.0Mt
- Profit before income tax and non regular items of \$239.1 million
- \$631.1 million cash contribution since 1 March 2016
- Continued focus on operational efficiency
- The Company acquired an additional 40% interest in the Bengalla Joint Venture effective December 2018
- Joint venture ownership structure now simplified with New Hope at 80% and Taipower 20%
- On an annualised basis Bengalla is now producing 10 million tonnes of product coal per annum



Bengalla Mine – a New Hope operation

Continued integration

- A major focus during the second half of 2019 has been the integration of Bengalla into the New Hope business
- Key activities have been focused on marketing, finance, human resources, procurement and systems with a range of support functions now provided to site from New Hope's Corporate Office in Queensland
- Opportunities for learning and continuous improvement are being identified and actioned through a range of cross functional teams and forums
- New Hope's exploration and agricultural teams are now engaged at Bengalla
- Opportunities for asset transfer are also being identified and actioned particularly in relation to Jeebropilly end of mine life
- Objective is to improve efficiency and lower unit costs across the business





OTHER NEW HOPE PROJECTS

Andrew Boyd – Chief Operating Officer

New Acland Mine – Stage 2 operations and Stage 3 Project

Progress update

- Environmental Authority granted March 2019
- Court of Appeal ruled in favour of New Hope in September 2019
- Mining Leases and Associated Water Licence still under consideration
- Production and employment levels to reduce in November 2019 due to inaction from Queensland Government on approvals, 150 direct jobs lost
- 4.1mt coal produced, 8% less than previous year
- Production levels for 2020 are expected to be around 60% of 2019 levels in the absence of Stage 3 approvals
- Stage 2 reserve areas exhausted in early 2021

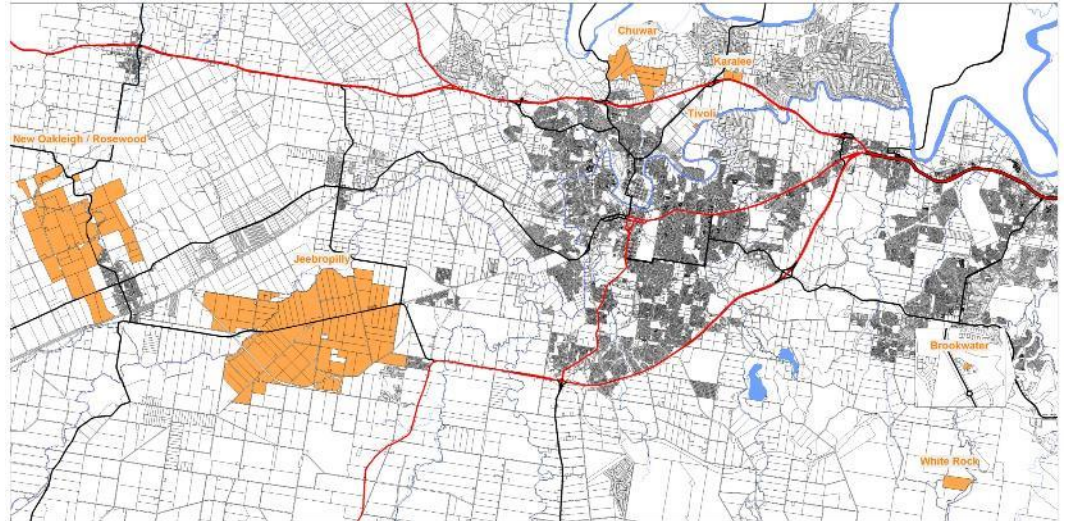


West Moreton Operations

Transitioning to post-mine opportunities

- FY2019 focus has been on Finishing Well and leaving a positive legacy in the region
- Jeebropilly Mine last coal expected before end of calendar 2019
- Rehabilitation works being undertaken at the New Oakleigh East
- Continued maintenance of rehabilitated New Oakleigh West and Chuwar sites
- Future land use opportunities for all of the West Moreton sites and land holdings are currently being evaluated
- The closure of Jeebropilly marks the end of coal mining in the Ipswich region, the end of an era

New Hope Group Ipswich land holdings (shown in orange)



Lenton Joint Venture Burton Mine

Central Queensland presents opportunity

- Combined project including former Burton Mine and New Hope's neighbouring Lenton Project
- 90% Joint Venture participant
- Even split of coking/thermal coal
- Combined 412 million tonne resource*
- Planned ~1.5 million tonne per annum for approx. 16 years
- First coal estimated for calendar 2022 subject to port and rail access
- The mine is currently under care and maintenance with detailed operational readiness plans being developed



* The information is extracted from the '2019 Coal Resources and Coal Reserves' available on the company website at newhopegroup.com.au. The Company can confirm that it is not aware of any new information or data that materially affects the information included in the original announcement and that all technical parameters underpinning the estimate continue to apply. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original publication.

A mature farming operation

- 349ha of progressive rehabilitated land certified by the Queensland State Government
- 180ha of rehabilitated mined land handed over to pastoral operations
- Pasture management strategy, including use of rehabilitated land for grazing is ongoing
- Continued to build size and quality of breeding herd
- Herd numbers at 2,585
- Irrigated oats and barley crops progressing well under new 72ha pivot footprint
- Fencing upgrades undertaken
- Acland Pastoral Company's agricultural expertise is being applied to the buffer land surrounding the Bengalla operation





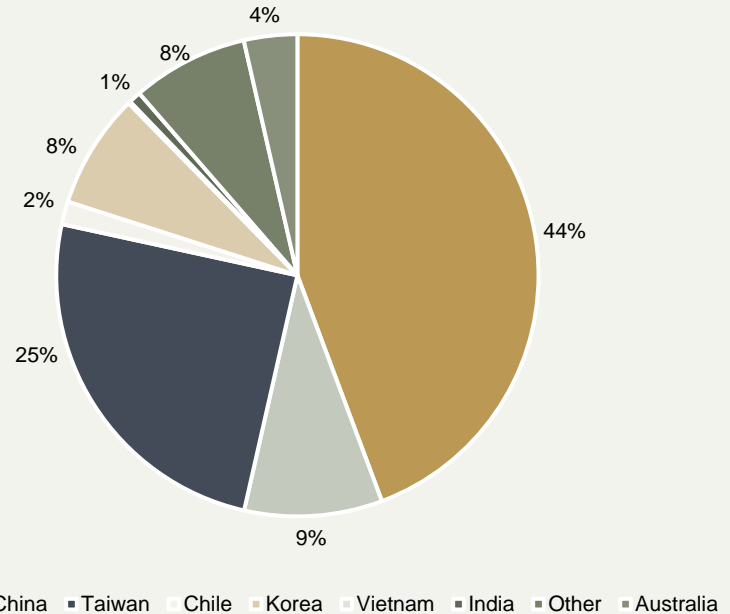
COAL MARKETS & OUTLOOK

Andrew Boyd – Chief Operating Officer

Market diversification

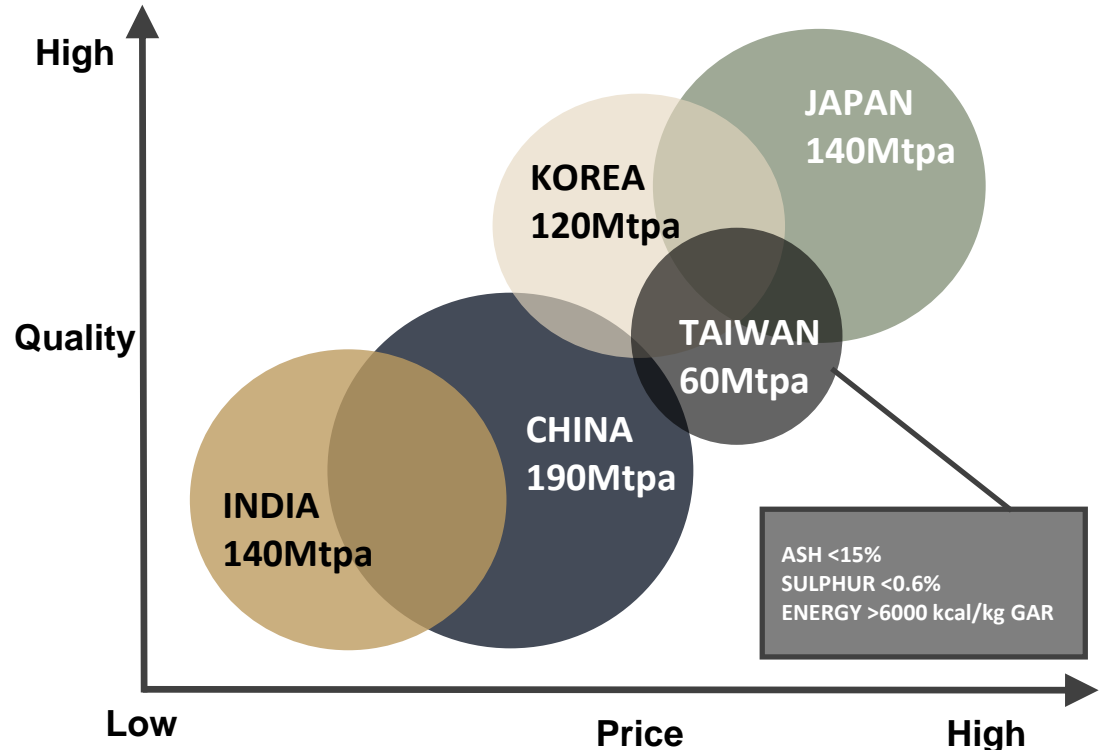
- Diversified revenue base – lowering market risk
- Over 70% of revenue derived from stable, developed economies looking for higher quality coals
- Growth markets being pursued but not at the expense of quality of revenue
- Vietnam and India will become increasingly important to the seaborne thermal coal market but are very price driven buyers
- New Hope is the market leader for high quality, low HGI coal from Queensland and continues to promote this coal into new markets, experimenting with new products
- Bengalla mine has significant production optionality and is able to switch between products and markets depending on margins
- New Lenton coking coal will add further diversity to the portfolio

Group Coal Revenue by Jurisdiction



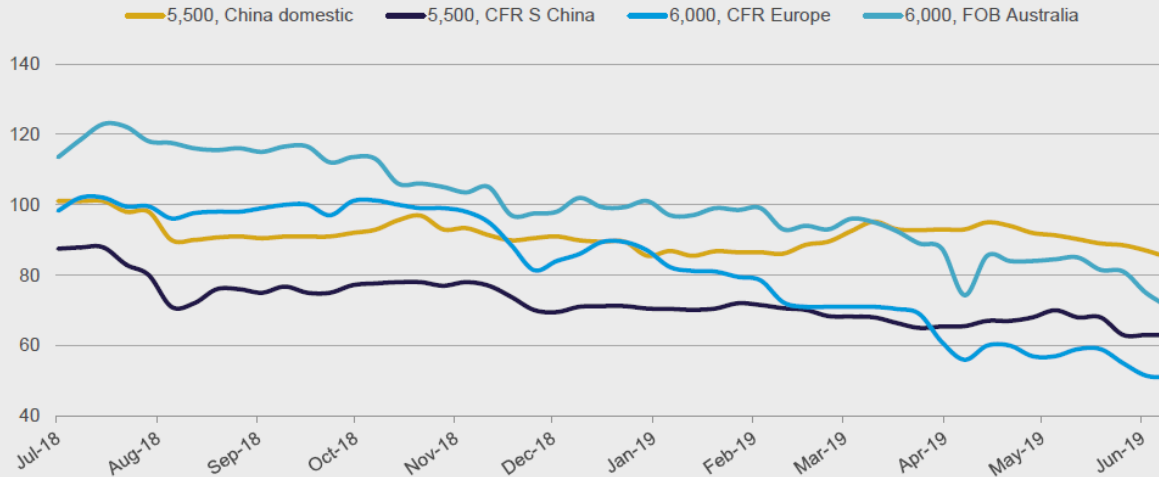
Asian markets move to quality

- Traditionally Japan has demanded the highest quality coal in the world due to ash disposal costs, and a drive to clean-up industry in the 1970's
- Taiwan is now seeking lower ash, higher energy coals for environmental reasons
- Korea is seeking lower sulphur and considering tighter controls on ash
- The commonality on coal quality between JKT is increasing
- Positive for Australian coals in general; and
- Positive outlook for coals of Surat Basin quality which have low ash and sulphur, comparatively high energy and low emissions.



Thermal coal price decline 2019

Thermal coal prices, apart from those in China, fell in Q2
Thermal coal prices, \$/t

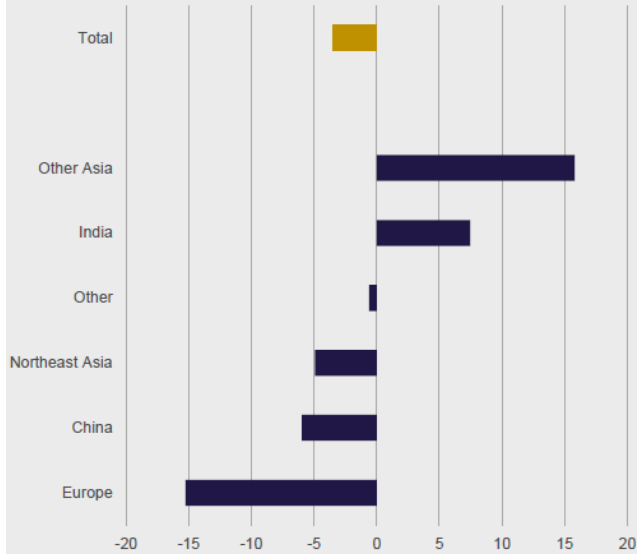


CRU Thermal Coal Market Outlook - July 2019

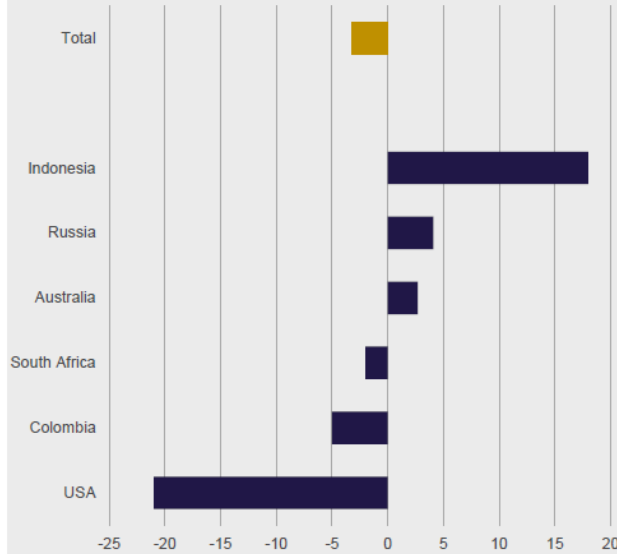
- Thermal coal has not been competitive against cheap gas into Europe
- China's total thermal coal imports are flat year on year with increased domestic supply and slower growth in demand. Domestic Chinese coal prices held up
- Newcastle thermal coal prices appear to have found a bottom over the past few weeks with price recovery likely to be impacted by the timing and severity of the north Asian winter and LNG pricing into Asia

Lower seaborne demand in 2019 is forcing cuts in supply

Import demand has weakened overall
Seaborne thermal coal imports, Mt



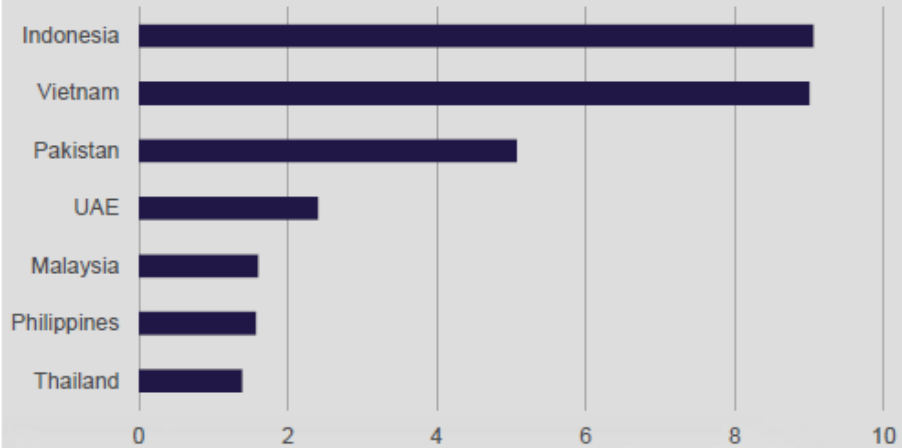
Exporters will have to reduce shipments
Thermal coal exports, Mt



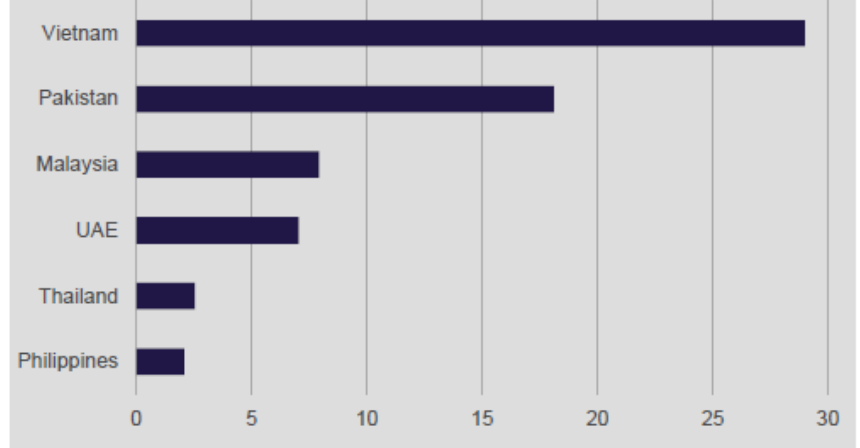
- Thermal coal imports to Vietnam and Pakistan have been growing strongly
- USA, Columbia and South Africa have suffered cuts to thermal coal exports as reliant upon European market
- Russia and Australia increasing exports of higher energy coal whilst Indonesia continues to increase supply of lower energy product

Significant growth forecast in South East Asia

Change in coal power capacity, 2023 vs 2018, GW

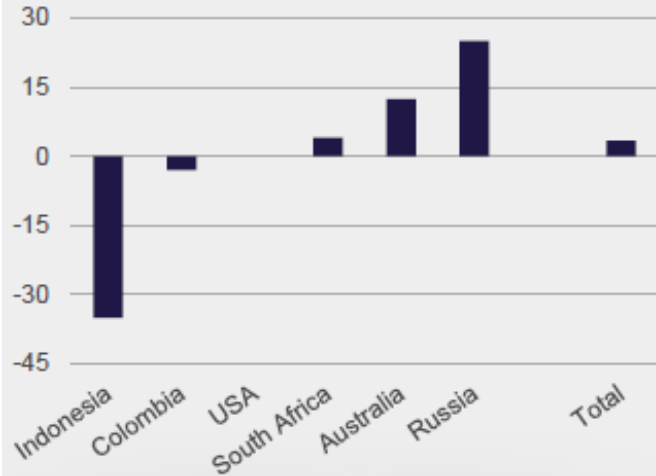


Change in thermal coal imports, 2023 vs 2018, Mt



Growth forecast in medium term for Australia and Russian thermal coal

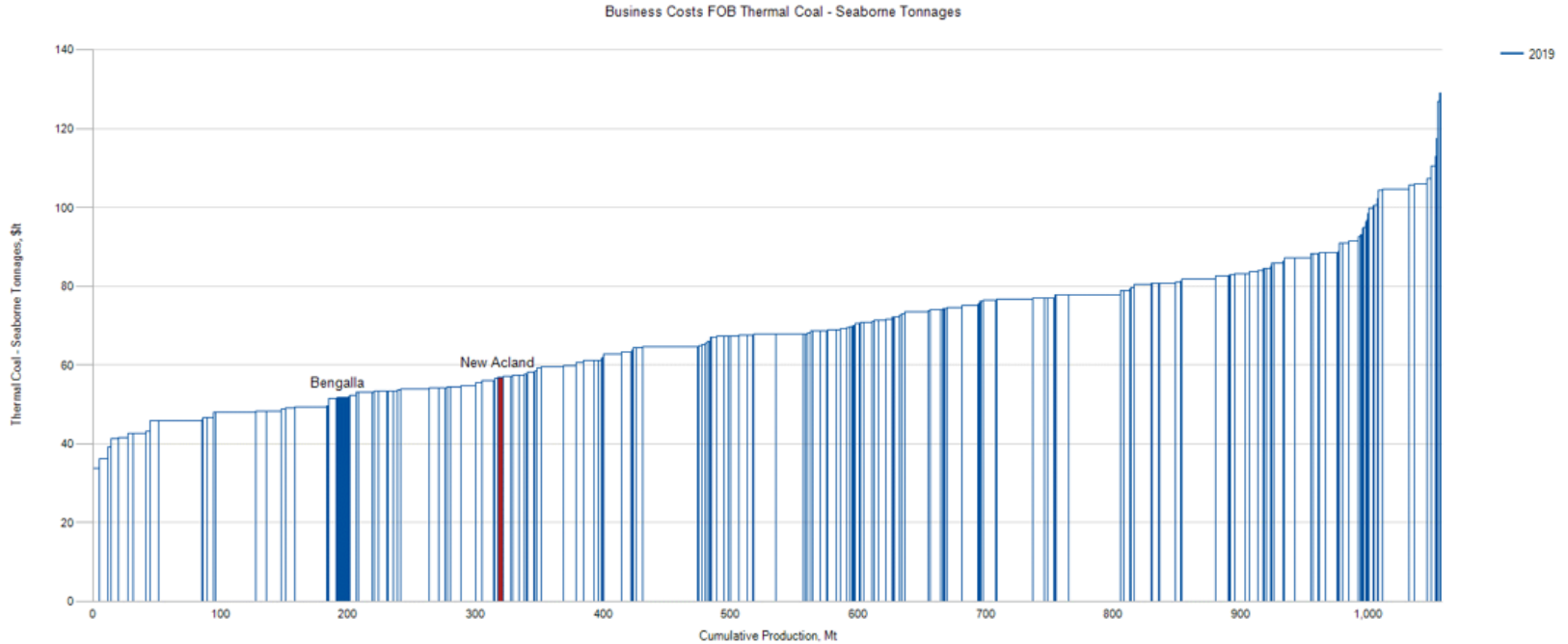
Russian and Australian supply to grow
Seaborne thermal coal imports, 2023 vs 2019, Mt



CRU Thermal Coal Market Outlook - July 2019

- Russia is a growing competitor in the Seaborne thermal coal market
- Indonesian exports are expected to decrease due to increasing domestic demand

FOB Seaborne thermal coal cost curve (US\$ / tonne)



Our future focus

New Hope is well positioned to meet the growing energy demands of its Asian customers

Coal operations

Growing production levels

Improving safety performance

Careful cost management

Projects and development

Developing Lenton Joint Venture Burton Mine

Obtaining approvals to meet future demand

Bengalla Growth / Efficiency Options

Securing approval for New Acland Stage 3 Project

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APPENDICES

Reconciliation of non IFRS financial information

Year Ended 31 July

(A\$ millions)

	2019	*Restated 2018	Variance (%)
Profit after tax	210.6	149.5	41%
Income tax expense	(97.4)	(64.3)	51%
Profit before income tax	308.0	213.8	44%
Non regular items before tax	(76.3)	(159.4)	(52%)
Profit before income tax and non regular items	384.3	373.2	3%
Interest expense	12.2	0.1	12,051%
Earnings before interest tax and non regular items	396.4	373.3	6%
Depreciation and amortisation	120.6	92.2	31%
Earnings before interest tax depreciation amortisation and non regular items	517.1	465.5	11%

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.

* Comparative figures have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.

Reconciliation of Net Profit after Tax before and after non regular items

	(A\$ million)				
Year Ended 31 July 2019	Coal Mining QLD	Coal Mining NSW	Other	Treasury	Total
Profit / (loss) before tax from continuing operations after non regular items	169.2	191.4	(41.0)	(11.7)	307.8
Non regular items before tax:					
Insurance proceeds from shiploader	2.4	-	-	-	2.4
Onerous contract and related expenses	-	-	(21.7)	-	(21.7)
Acquisition costs expensed	-	(47.7)	-	-	(47.7)
Establishment costs on guarantee facility	-	-	-	(4.4)	(4.4)
West Moreton redundancies	(5.1)	-	-	-	(5.1)
Profit / (loss) from continuing operations before tax and non regular items	171.9	239.1	(19.3)	(7.3)	384.3

Reconciliation of Net Profit after Tax before and after non regular items

Year Ended 31 July 2018	Coal Mining QLD	Coal Mining NSW	Other	Treasury	Total
Profit / (loss) before tax from continuing operations after non regular items	196.5	181.9	(126.1)	15.3	267.6
Non regular items before tax					
Impairment of coal exploration and evaluation assets	-	-	(91.5)	-	(91.5)
Reversal of impairment of coal to liquids facility assets	-	-	0.9	-	0.9
Onerous contract and related expenses	-	-	(15.0)	-	(15.0)
Profit / (loss) from continuing operations before tax and non regular items	196.5	181.9	(20.5)	15.3	373.2

Figures for the year ended 31 July 2018 have been restated to present the impacts of the current year discontinued operations as outlined in the New Hope Corporation Limited Appendix 4E and Preliminary Financial Statements at note 24.

Reconciliation of non IFRS financial information

Year Ended 31 July
(cents per share)

	2019	Restated* 2018
Basic earnings per share (cents) (before non regular items)	32.3	31.5
Insurance proceeds from shiploader	0.2	-
Gain / (loss) from discontinued operations	-	(4.6)
Onerous contract and related expenses	(2.4)	(1.3)
Acquisition costs expensed	(4.0)	-
Establishment costs on guarantee facility	(0.4)	-
Weston Moreton redundancies	(0.4)	-
Impairment of coal exploration and evaluation assets	-	(7.7)
Reversal of impairment of coal to liquids facility assets	-	0.1
Basic earnings per share (cents) (after non regular items)	25.3	18.0

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.

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