



QUARTERLY ACTIVITIES REPORT

30 April 2018

29 May 2018

	Quarter Ended			9 Months Ended		
	Apr-18 ('000t)	Apr-17 ('000t)	Change (%)	Apr-18 ('000t)	Apr-17 ('000t)	Change (%)
<u>Saleable Coal Production</u>						
QLD 100% owned and operated	1,216	1,235	(1.5%)	3,750	3,943	(4.9%)
NSW 40% owned operations	886	784	13.0%	2,804	2,512	11.6%
Total Saleable Coal Production	2,102	2,019	4.1%	6,554	6,455	1.5%
<u>Coal Sold*</u>						
QLD 100% owned and operated	1,009	1,455	(30.7%)	3,537	3,650	(3.1%)
NSW 40% owned operations	892	717	24.4%	2,783	2,477	12.4%
Total Coal Sold	1,901	2,172	(12.5%)	6,320	6,127	3.1%
QBH Export Throughput	1,496	1,847	(19.0%)	5,077	4,907	3.5%

* Coal sold includes traded coal sales

KEY POINTS

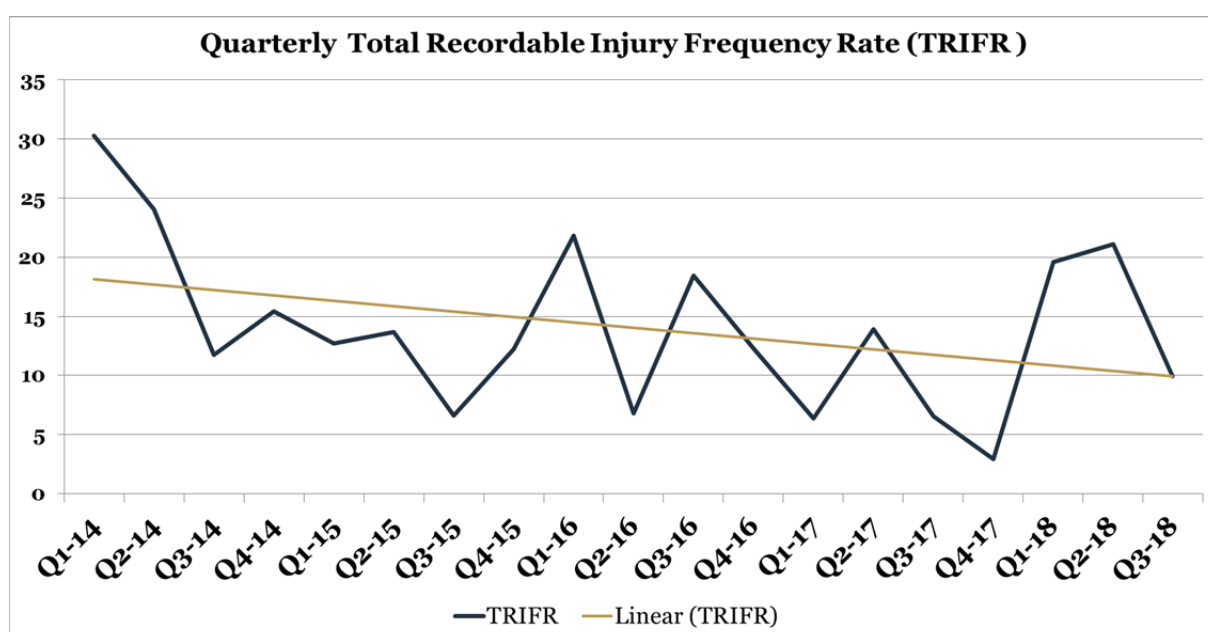
- On 2 May 2018, the Queensland Supreme Court found in favour of the Company's Judicial Review of the Land Court decision of 31 May 2017 in respect of the New Acland Coal Mine Stage 3 Project. As a consequence:
 - The Land Court recommendations of 31 May 2017 have been set aside.
 - The decision of the Department of Environment and Science delegate on 14 February 2018 to refuse the application for an amendment of the environmental authority has been set aside.
 - Certain matters are to be referred back to the Land Court for consideration by a new Member of the Court.

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- Bengalla legal proceedings commenced against MACH Energy Australia Pty Ltd (MACH Energy) were settled on 24 April 2018.
- A robust operational performance from NSW operations with full year production and sales expected to be slightly higher than the prior year.
- Scheduled rail maintenance and rail outages in Queensland associated with the Commonwealth Games had a negative impact on coal production and sales from Qld Operations.
- Work is progressing at the recently acquired Burton project with an investment decision on the project, including the development of the neighbouring Lenton project, expected in the second half of 2018.

SAFETY PERFORMANCE

The Group achieved a Total Recordable Injury Frequency Rate (TRIFR) of 9.92 for the quarter. The focus at operational sites has been on driving performance against lead safety indicators. It should also be noted that during the quarter the Queensland Bulk Handling port operations achieved the milestone of six years lost time injury free.



QLD COAL OPERATIONS

Significant outages of the western rail system were experienced during April. This rail system services both the New Acland and Jeebropilly mines and the outages were a result of freight rail embargoes during the Commonwealth Games and scheduled maintenance outages. The inability to rail coal during these periods had an impact on coal production as site product coal stockpiles reached capacity.

Saleable coal production, coal sales and port throughput were all negatively impacted by these rail outages and as a result the performance in all areas was below that achieved in the prior corresponding period.

Despite these rail issues, full year coal production and sales from the Queensland Coal Operations are expected to be similar to last year.

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NSW OPERATIONS – 40% OWNED (BENGALLA)

The Bengalla operation had a strong quarter in terms of both coal production and sales. For the nine months to April 2018 coal production and sales from Bengalla are both 12% higher than at the same time last year. For the full year, coal production and sales from Bengalla are expected to be slightly higher than the prior year.

On 24 April 2018 the legal proceedings commenced by Bengalla Mining Company Pty Ltd (in which the Company has a 40% interest) against MACH Energy were settled. The settlement terms include the relocation of MACH Energy's short term rail and associated infrastructure from Bengalla's approved expansion area by 31 October 2022. The parties will act in good faith to enable the Bengalla Mine and the Mount Pleasant Mine to undertake their respective operations without unreasonable interference from the other. For further details see the ASX release dated 24 April 2018 at this link <http://www.newhopegroup.com.au/files/files/1794553.pdf>

QLD PASTORAL OPERATIONS

Herd numbers for the quarter were at 4,151 head. The final count with the calf additions will be completed after weaning in early June.

Cropping for the quarter yielded approximately 3,000 tonnes of silage which was sold to local operators and a small crop used for internal grazing.

The scientific cattle grazing trials being conducted on rehabilitated mined land is entering its fifth year.

EXPLORATION AND DEVELOPMENT

Drilling activity during the quarter focused on coal quality and line of oxidation drilling at the recently acquired Burton tenure. A total of 79 holes were drilled for a total of 6,287m. Work continued on the water monitoring program on the adjacent mining lease at Lenton with seven water monitoring holes drilled for a total of 419m.

Drilling on the New Acland tenements focused on delineation of coal quality and structure of adjacent resource areas to the current pits, a total of 21 holes were drilled for a total of 1,445m.

The North Surat Project Pre-Feasibility study progressed with the continuation of the baseline environmental and mine planning studies.

New Acland Coal Mine Stage 3 Project

A Judicial Review initiated by the Company of the Land Court recommendation of 31 May 2017 was heard in the Queensland Supreme Court from the 19th to 23rd March 2018. On 2 May 2018 the Supreme Court found in the Company's favour. Her Honour Justice Bowskill has ordered that:

- the Land Court's recommendations on 31 May 2017 to reject the applications for mining leases and refuse the application for amendment of the environmental authority be set aside with effect from 31 May 2017;

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- the decision made by the delegate of the chief executive of the Department of Environment and Science on 14 February 2018 to refuse the application for an amendment of the environmental authority be set aside with effect from 14 February 2018;
- the matters be referred back to the Land Court for consideration by a different Member;
- the new Land Court Member exclude the issues of groundwater and intergenerational equity (as it relates to groundwater) from the further consideration, on the basis that it is not within the Land Court's jurisdiction;
- the findings and conclusions originally made by the Land Court (on 31 May 2017) on all issues except for noise, groundwater and intergenerational equity (as it relates to groundwater) remain;
- the factual findings originally made by the Land Court with respect to noise remain but not the ultimate conclusions including conditions; and
- each party bear its own costs of the proceedings.

New Hope welcomes the orders and remains committed to securing the approvals necessary for Stage 3 of the New Acland mine thus securing the ongoing employment for the approximately 700 jobs which are reliant on it. The effect of these orders are that two of the three issues which had led to rejection of the mining lease and refusal of the environmental authority amendment cannot be considered and the conclusions with respect to the third issue (noise) including conditions, are to be reconsidered by a new Land Court Member.

The Company will now be seeking to have the remitted hearing commence in the Land Court as soon as possible. A copy of Justice Bowskill's orders and reasons can be found at this link: <https://archive.sclqld.org.au/qjudgment/2018/QSC18-119.pdf>

BRIDGEPORT ENERGY LIMITED (BEL)

Oil production totalled 90,054 barrels for the quarter with 79,511 barrels sold, an increase of 11% on the corresponding year's period. There were no safety incidents during the quarter with the Bridgeport LTI free period now over 1,449 days.

Production for the quarter was generally stable at 1,012 bopd (BEL share) with routine field maintenance and well workovers keeping production steady. The Inland production field was slightly under production target due to rain conditions causing delays at some of Bridgeport's workover operations resulting in an overall 7% decrease in production against the prior quarter.

Two exploration wells were drilled in PEL630 (BEL net 50%) during the quarter under the farm-in agreement with Beach Energy. Whilst one well tested wet gas at 1.1mmcf/d, the reservoirs were determined to be non-commercial and both wells have been plugged and abandoned.

COMMUNITY SUPPORT

The last quarter saw a focus on key community partnership agreements with particular focus on projects which build resilience within local communities. Key activity for the quarter included:

- Recognition of the nine year relationship and over \$1 million in contributions toward the lifesaving work of LifeFlight air-medical service. The partnership also contributes to

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regional communities through first response medical training and the distribution of community first aid kits.

- Participating in the Toowoomba Future Leaders Mentoring Program and working with the Ipswich Chamber to explore youth forums aimed at building links between local business and youth to develop future business leaders.
- Partnering with the Queensland Minerals and Energy Academy (QMEA) with a focus on the promotion and development of Science, Technology, Engineering and Maths (STEM) subjects for students at the local Oakey State High School.

CORPORATE

The Company's full year financial results for the year ending 31 July 2018 are scheduled to be released on Tuesday, 18th September 2018.

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