


NEW HOPE CORPORATION LIMITED

ABN: 38 010 653 844

QUARTERLY ACTIVITIES REPORT

31 JANUARY 2020

19 February 2020

	Quarter Ended			Six Months Ended		
	31 Jan 2020 ('000t)	31 Jan 2019 ('000t)	Change (%)	31 Jan 2020 ('000t)	31 Jan 2019 ('000t)	Change (%)
Saleable Coal Production						
QLD 100% owned and operated	686	1,176	(42%)	1,866	2,300	(19%)
NSW 80% owned operations	2,196	1,481	48%	4,344	2,359	84%
Total Saleable Coal Production	2,882	2,657	9%	6,210	4,659	33%
Coal Sold						
QLD 100% owned and operated	992	947	5%	2,106	2,073	2%
NSW 80% owned operations	2,027	1,453	40%	4,256	2,354	81%
Total Coal Sold	3,019	2,401	26%	6,362	4,427	44%
QBH Export Throughput	1,402	1,549	(10%)	2,868	3,221	(11%)

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

KEY POINTS

- Continued improvement in safety performance;
- Incremental increase in Bengalla production, 5.4 million tonnes produced for the first six months of the year (100% basis);
- Production costs per tonne have increased at New Acland due to the reduction in production rate as the reserves in Stage 2 decline. However overall company unit production costs have declined in comparison to the prior year corresponding quarter as a greater proportion of total New Hope production is now sourced from the lower cost Bengalla operation;
- Completion of coal production from Jeebropilly followed by the commencement of rehabilitation activities;
- Continued inaction from the Qld State Government on New Acland Stage 3 approvals; and
- New Hope's pastoral expertise successfully applied to the agricultural land surrounding the Bengalla operation.

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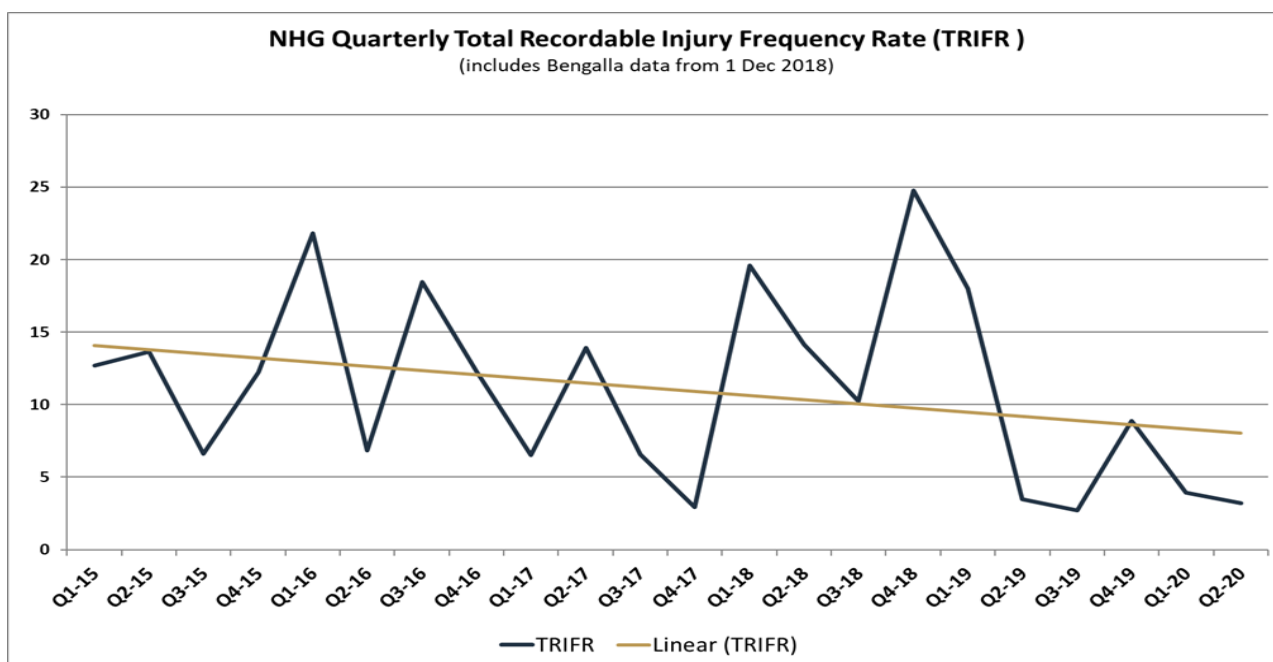
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SAFETY PERFORMANCE

A sustained focus on safe production has resulted in an improvement in safety performance across the Company during the quarter. Over the period two people experienced recordable injuries. A targeted safety campaign during December and January focused on the specific risks encountered at that time of year, including heat, fatigue, road safety and responsible alcohol consumption.

The implementation of a Critical Risk Management Program continued throughout quarter two with workshops completed with personnel from each site on crane operations and working at heights.

As a result of these workshops, various critical risks were identified. For each critical risk, current critical control verification forms are being designed. Risk workshops will recommence again in March 2020 with nine scheduled during the calendar year.



Note: New Hope safety statistics include Bengalla from 1 December 2018 (however excludes oil activities).

QLD COAL OPERATIONS

New Acland Mine

At the beginning of the quarter the Queensland Court of Appeal dismissed the Oakey Coal Action Alliance's (OCAA) appeal, allowed New Acland Coal Pty Ltd's cross appeal and granted the orders requested by New Acland Coal Pty Ltd. The reasons for judgment from the Court of Appeal on the final orders stated President Kingham's Land Court orders are valid and bind the parties. The Court of Appeal also accepted that the grant of the Environmental Authority should stand.

Subsequently OCAA has sought special leave to appeal to the High Court of Australia regarding the orders made by the Queensland Court of Appeal but not on the substantive issues raised by OCAA or New Acland Coal Pty Ltd in the Court of Appeal.

During the quarter, the Queensland Minister for Natural Resources, Mines and Energy confirmed the State Government would wait for the result of High Court proceedings before making a decision on the New Acland Stage 3 mining leases (NACo3). This position has also meant that a decision

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on the associated water licence and on New Acland Coal Pty Ltd's application to allow it to continue to use the existing Jondaryan rail facility until the new rail spur is operational have also not been made by the relevant decision makers. This is contrary to the normal historical practice of government not waiting for the completion of all legal appeal processes before making a decision on the grant of approvals for mining projects.

As a result of the lack of action from the Queensland Government in relation to progressing the approvals for NACo3, approximately 150 full time roles had to be cut from the New Acland mine at the end of October 2019. Following this workforce reduction, the operations were restructured in early November 2019 with most activities now occurring during day shift, mining truck fleet numbers were reduced, and coal processing operations diminished from the previous two module plant operation to the use of a single module.

During the ramp down the primary focus was on maintaining safe operations and supporting those valued employees who had lost their jobs. It is pleasing to report that no injuries or serious incidents occurred during this workforce restructure.

Mining activities continued in both Centre and West Pits. The activity in West Pit saw the last of the Acland underground workings mined without incident with recovery of approximately 240,000 tonnes of additional coal, which is currently awaiting screening before being fed to the plant.

The total production for the quarter was 0.7 million tonnes which is 42% below the prior corresponding period due to the ramp down in Stage 2 operations. Heavy rain in mid-January (~200mm) slowed operations in the pit but provided much needed moisture to the rehabilitation and surrounding pastoral activities.

The Company continues to call on the Queensland Government to act in the public interest and support jobs for regional Queenslanders by immediately granting the required Mining Leases, Associated Water Licence and approval for the continued use of the Jondaryan loadout facility.

West Moreton Operations

Mining at the Jeebropilly operations concluded on 20 of December 2019. After 38 years of operation the mine closed, representing the end of an era in the region. The 'Fit for Change' program, run across the site over the last 12 months generated a positive outlook for the Jeebropilly employees, despite the closure of the mine. The effectiveness of the program resulted in the site achieving very good safety and production performance during the last quarter and the workforce can be proud that the mine concluded operations with such a positive result.

Landform design has been completed with a continued focus on rehabilitation across the site. Oakleigh East rehabilitation activities have continued with the restoration of an old mining void called the Normanton Pit progressing as planned. As a result, remnant spoil piles to the south of the void are being lowered and shaped simultaneously.



*Rehabilitation Activities
at Jeebropilly North*

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Jeebropilly Team

NSW OPERATIONS – 80% OWNED

Operations at the Bengalla mine continued to perform well with one recordable injury occurring during the quarter. Prior to this the site had completed 158 days injury free with a year to date total recordable injury frequency rate of 1.2 per million manhours. The mine has commenced the installation of a fatigue management system concurrently with a proximity detection system across the truck fleet during the quarter in order to reduce vehicle interaction risks.

During the quarter the Company's share of production was 2.2 million tonnes. Bengalla total (100%) coal production is up 18% above that recorded for the second quarter of 2019. For the first six months of the financial year Bengalla produced 5.4 million tonnes (100% basis) compared to 4.5 million tonnes for the first six months of the 2019 financial year (up 20%).

New Hope's agricultural management practices have been applied to some of the land surrounding the Bengalla operation. The first crop from this land was harvested in November 2019 and of this crop 350 large bales of barley hay was donated to local farmers impacted by the drought. Further improvement in the utilisation of this high-quality buffer land is planned in future.

Several Bengalla personnel are active members of local Rural Fire Brigades and along with Bengalla, provided support to the local brigades during the recent bushfire crisis in New South Wales.

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PASTORAL OPERATIONS

Acland Pastoral operations received below average rainfall for the quarter, negatively impacting grazing pastures which resulted in a supplement feeding regime being implemented. Forty hectares of irrigated sorghum and 20 hectares of irrigated millet was planted and is growing well. No dryland crops were planted.

Breeder cattle numbers are 1,262 cows and 49 bulls. This season's calving is nearing an end, with approximately 1,000 calves on the ground. In addition, Acland Pastoral continues to background last year's weaner steers and heifers and after sales 276 weaner steers remain on the property, with a further 95 weaner heifers moved to Bengalla. Weaner steer and heifer sales occurred throughout the quarter with an average price of \$1,000 per head achieved.

The pasture management strategy, which includes use of rehabilitation areas for grazing and pasture quality monitoring via satellite imagery, is ongoing.

Following the acquisition of a controlling interest in Bengalla, New Hope's land management experience is being applied to the active management of agricultural land surrounding the Bengalla operation. Twenty-six hectares of forage barley was harvested, yielding 710 bales, averaging 270kg each. Half of these bales were donated to drought relief efforts. One hundred hectares of forage sorghum has been planted under irrigation.



Bengalla Agriculture Operations

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COAL EXPLORATION AND DEVELOPMENT

During the quarter, exploration activity saw 31 holes drilled for a total of 6,046 metres on the Bengalla mining leases and at the Bee Creek exploration tenement.

The Bengalla mine drilling activities focused on collecting pre-production and gas content information prior to mining. The Bee Creek field program continued, with the completion of three core holes in the targeted Rangal Coal Measures, along with several stratigraphic holes.

Work on geological model updates for the Taroom, Woori and Collingwood areas of the North Surat Project continued throughout the quarter. Laboratory analysis of coal quality samples progressed for Taroom, Woori and New Acland.

BRIDGEPORT ENERGY

There were no lost time injuries during the period and the Bridgeport Lost Time Injury free period now stands at 1,973 days. There were however eight heat stress medical treatments recorded during the quarter as drilling activities occurred in South West Queensland. Bridgeport is investigating moving drilling activities into the winter months as well as trialling equipment for cooling workers when drilling during hot weather.

Oil production totalled 90,721 barrels for the quarter with 78,232 barrels of oil being sold. During the quarter, three operated development wells were drilled; one each at the Black Stump field, Bargie field and the Bodalla South field. All three are being completed as producing wells. A total of 5,058m of operated hole was drilled by the Company rig over 59 days commencing from mid-quarter.

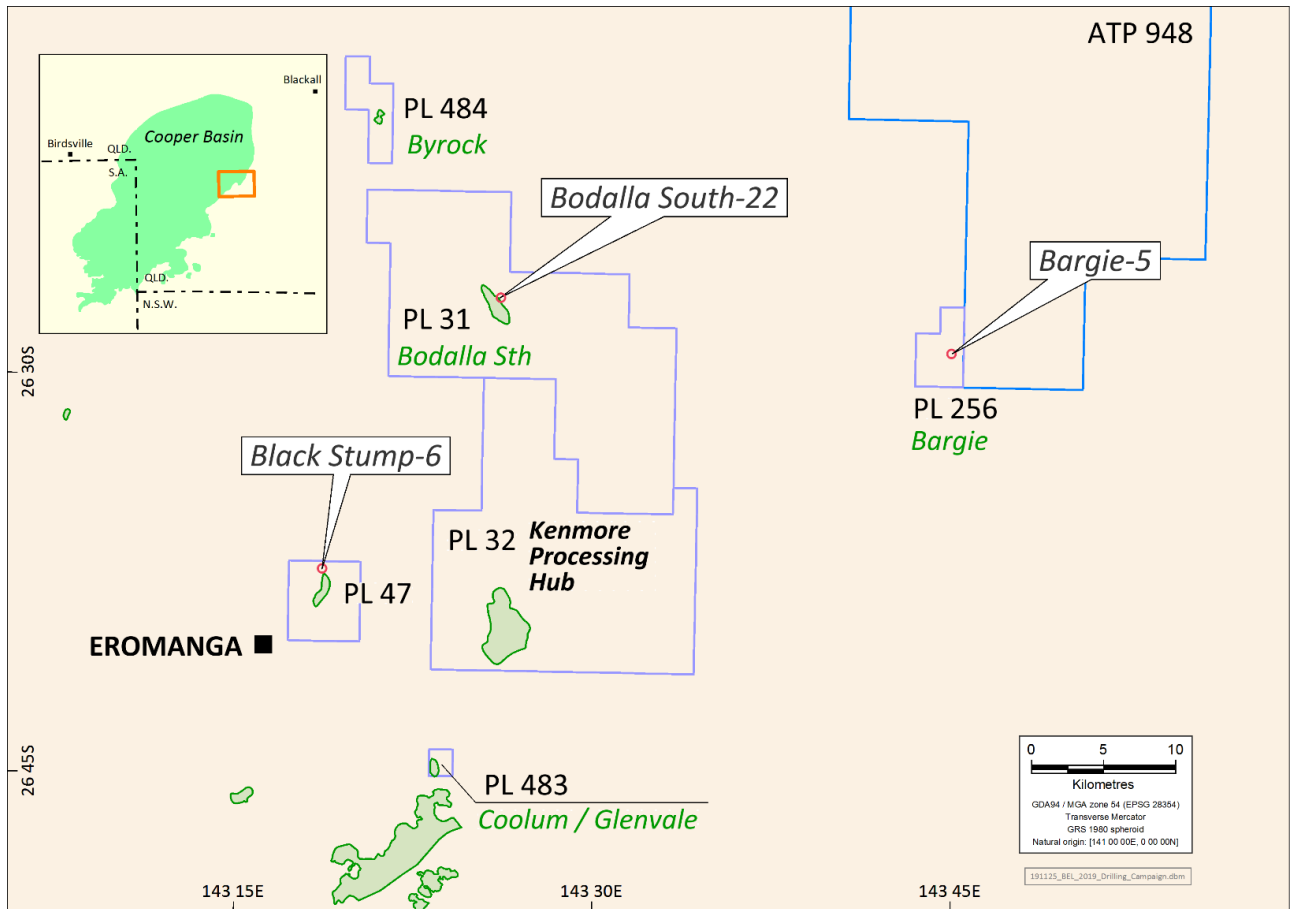
In addition, the non-operated Vali 1 well (ATP 2021) was drilled to a final depth of 3,217m, cased and suspended for further evaluation. Initial analysis suggests the discovery of approximately 35m of net gas pay in the Patchawarra Formation primary target. This result is on the high side of pre-drill estimates. In addition to gas recovered from the Patchawarra (via MDT sampling), gas was also recovered from the Nappamerri Formation secondary target. Potential gas was also identified in the secondary target Toolachee Formation, along with oil shows observed in the Jurassic-aged Westbourne and Birkhead Formations with good sand development. Bridgeport holds a 25% interest in this well alongside Metgasco 25% and Vintage Energy 50%. Vintage Energy Ltd is the operator of the ATP 2021 joint venture.

During the quarter, ATP 2022, a 400km² exploration tenement adjacent to Bridgeport's operated Inland oil field, was officially granted to Bridgeport for a period of six years.

Bridgeport is continuing to negotiate the supply of CO₂ for its carbon capture utilisation and storage (CCUS) project at its Moonie oil field south of Dalby.

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Bridgeport Map of Operated Development Wells Drilled During the Quarter

COMMUNITY SUPPORT

Providing assistance and support that has a prolonged impact on building stronger communities has continued during this quarter. Activities include:

New Acland

- Country Women's Association
- Highfields Men's Shed
- Oakey Motor Sport Club
- Oakey Santa Fair
- Oakey State High School

Bengalla

- Denman Public School
- Muswellbrook High School
- Scone Public School
- Bengalla Undergraduate Scholarship Program

Jeebropilly

- Rosewood Junior Rugby League Football Club
- Rosewood Bowls Club

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Queensland Bulk Handling

- It's a Bloke Thing - prostate cancer awareness
- Port of Brisbane's Drought Angels Program

Corporate

- Rosie's Friends on the Street – Christmas appeal program

CORPORATE

As previously announced by the Company, in December 2019, the New South Wales Court of Appeal confirmed the Supreme Court's declaration that the Company has not guaranteed the debts of Northern Energy Corporation Limited (in liquidation) (NEC) and Colton Coal Pty Ltd (in liquidation) (Colton Coal) under the Company's Deed of Cross Guarantee. In January 2020, Wiggins Island Coal Export Terminal Pty Ltd and the liquidators on behalf of NEC and Colton Coal lodged applications seeking special leave to appeal to the High Court of Australia in relation to the New South Wales Court of Appeal's decision. Those applications for special leave have not yet been determined by the High Court. The Company will provide a further update regarding these applications for special leave in due course.

The Company's Annual General Meeting was held on Tuesday, 19 November 2019. The Half Year Financial Report is scheduled for release on Tuesday, 24 March 2020.

For more information, please contact:

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