

# New Hope Corporation Limited

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## Quarterly Activities Report 31 January 2013

	Quarter Ended			6 months ended		
	Jan 13 ('000t)	Jan 12 ('000t)	Change (%)	Jan 13 ('000t)	Jan 12 ('000t)	Change (%)
Raw Coal Production	2,691	2,964	- 9%	5,848	6,137	- 5%
Saleable Coal Production	1,392	1,561	- 11%	3,040	3,206	- 5%
Coal Sold	1,381	1,564	- 12%	2,740	3,164	- 13%
QBH Export Throughput	2,047	2,031	+ 1%	4,230	4,265	- 1%

### COAL OPERATIONS

Saleable coal production for the quarter of 1.39 million tonnes was down on the previous corresponding period as a result of an extended scheduled shutdown at all sites over Christmas / New Year holidays combined with higher than normal rainfall across South East Queensland in January. Despite production volumes for the first six months being 5% lower than the previous year, production remains on target to meet full year estimates.

Sales for the quarter and first half year were down 12% and 13% respectively on the previous corresponding period, primarily as a result of customers deferring shipments.

Coal exports from Queensland Bulk Handling remained steady at 2.04 million tonnes for the quarter and 4.23 million tonnes for the first six months.

The extreme weather experienced across South East Queensland in late January had minimal direct impact on New Hope operations. Operations were suspended at all sites during the peak of the weather, but were resumed quickly and without damage to equipment or site infrastructure.

There was some damage to the Western Rail System at various locations between Ipswich and Toowoomba. The line was repaired and railings resumed on 18 February. This outage is not expected to have a material impact on production or sales for the full year, but may necessitate some changes to the logistics and shipping schedule over the short to medium term. Railing continued from the West Moreton operations during the outage period.

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As planned, the New Oakleigh mine ceased operation on 25<sup>th</sup> January due to resource depletion. Rehabilitation has now commenced.

## **EXPLORATION**

Drilling continued at Acland, Colton and Lenton during the period, with a total of 2,042 meters of chip holes, and 557 meters of core holes drilled.

### **New Acland (ML50216, ML50170 and MDL244)**

Cultural heritage surveys were undertaken in advance of the 2013 drilling program. Drilling activities recommenced in early January but were then hampered by wet weather resulting in only 116 meters being drilled.

Laboratory testing for the fugitive emissions study was completed during the period.

### **New Lenton (ML70337)**

During the quarter 38 holes were drilled at Lenton for a total of 2,832 meters. This completed the 2012 program. All boreholes have now been fully rehabilitated. Cultural heritage surveys have cleared the 2013 drill sites, and analysis of fugitive emissions is continuing.

### **Bee Creek (EPC 777)**

The 2012 drilling program has been completed, with all holes rehabilitated. All boreholes intercepted the Fort Cooper coal measures, with one borehole possibly intercepting the Moranbah coal measures, although this will need to be verified with further drilling.

### **Churchyard Creek (EPC 1876)**

No exploration activity was undertaken during the current quarter. Modelling of drilling data is underway.

### **Colton (EPC 1082)**

Cultural heritage surveys were completed during the quarter, although the final archaeologists report is currently outstanding. The drilling program to support the first 3 years of mining was completed with laboratory analysis of coal quality ongoing. Rehabilitation of all holes is now underway.

### **Ashford (EL6234)**

No activity was undertaken during the current quarter.

## **BUSINESS DEVELOPMENT**

### **Coal-to-Liquids**

Construction of the Jeebropilly plant is continuing with the bulk of the liquefaction module received on site in late January. The synthetic gas generator is expected to be delivered in late February. A number of activities are nearing completion with commissioning expected in the second quarter of calendar 2013.

At the Quantex plant, installation of the control and data recording system is underway. Dry commissioning of the plant has been completed with wet commissioning planned for February once the fire protection system has been installed.

## **DEVELOPMENT PROJECTS**

### **Colton Project**

Work continued on the Environmental Management Plan with the Department of Environment and Heritage Protection during the quarter.

### **Elimatta Project**

An updated Environmental Impact Statement was lodged in November 2012, with the assessment period extended to 16 January 2013. The Department of Environment and Heritage Protection has released the EIS for public comment, with a submissions deadline of 21 March 2013.

### **New Acland Continuation Plan**

Stakeholder and community engagement continued during the quarter with several visits organised for neighbours, Toowoomba Regional Council and local Members of Parliament. A Community Reference Group has been set up to facilitate communication with key stakeholders.

The draft Terms of Reference for the revised project was released by the Coordinator General during the quarter with the public comment period closing in early February 2013. Detailed work on the revised Environmental Impact Statement is now underway.

## BRIDGEPORT ENERGY

### Highlights

- New Hope Corporation completed the acquisition of Bridgeport Energy Limited on 23 August 2012 and management support systems are being upgraded following the acquisition.
- During the quarter, a three-well drilling campaign on the Inland field was commenced. All wells indicated good oil columns. The wells were suspended for future completion and tie-in as production wells which is expected to occur during Feb 2013.
- Utopia well workovers (U-2, U-8, U-10) were completed in January 2012 and are now back on production. The U-11H workover is estimated to be completed in April 2013.
- Acquisition of a service rig to undertake well workovers is currently being finalised

### Post Quarter Highlights

- A three-well drilling programme on the Utopia oilfield commenced in late January 2013. To date, the Utopia 13 well (undertaken sole risk), has been suspended as a future oil producer.
- The Utopia 14 well has intersected good oil shows and is currently being evaluated. This well has confirmed the mapping of the eastern lobe of the Utopia field.
- The Utopia 12 well is expected to spud on 18 February 2013.
- Inland field workovers (for wells I-3, 7, 8, and 11) are schedule to be completed during Feb/March 2013.

### Operations Summary

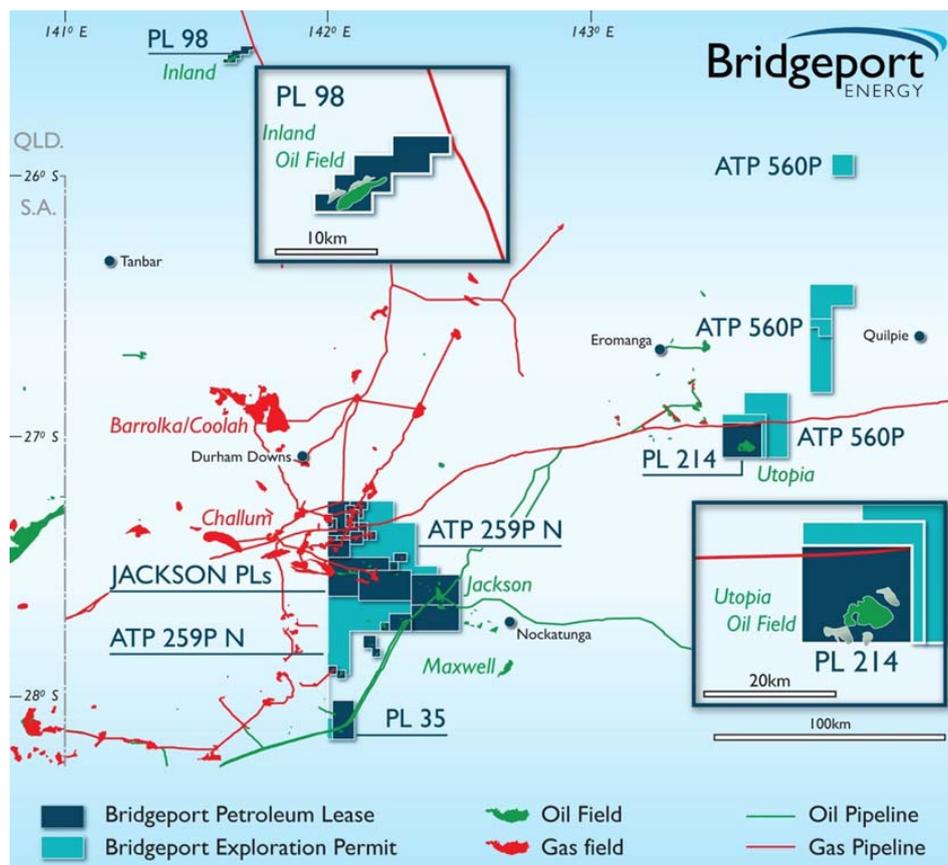
Production was maintained over the quarter at an average rate of 183 bopd<sup>1</sup> net to Bridgeport. Production from the Inland field was affected when a pump failed, resulting in a reduction of 60 bopd.

Net oil production from the Inland (10,249 bopd), Utopia (2,304 bopd) and Naccowlah (4,280 bopd) oil fields for the reporting period was 16,833 barrels in total.

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<sup>1</sup> bopd = Barrels Oil Per Day

**Figure 1: Map of Bridgeport Energy Production Locations**



A six-well drilling programme, comprising three development wells on both the Inland and Utopia oil fields was commenced in December 2012 utilising the Ensign 948 “super single” drilling rig under assignment from another operator. This design of rig is a semi-automated drilling unit that minimises human intervention and hence reduces safety hazards to personnel. At the end of the quarter Inland 16A and Inland 17 had been drilled, evaluated, cased and suspended. A full core was taken on Inland 16A over the lower Birkhead and Hutton reservoirs. This core will provide important information to determine the field recovery, reservoir sweep efficiency and evolution of future exploitation plans, in particular for the lower Birkhead oil sand.

Post quarter, the Inland 18 well was also successfully drilled, evaluated, cased and suspended. The rig then moved to the Utopia field and had drilled, evaluated, cased and suspended two (Utopia 13 and Utopia 14) of three planned wells. Utopia 13 was fully cored and evaluated across the reservoir so that the data can be used to optimise full field development.

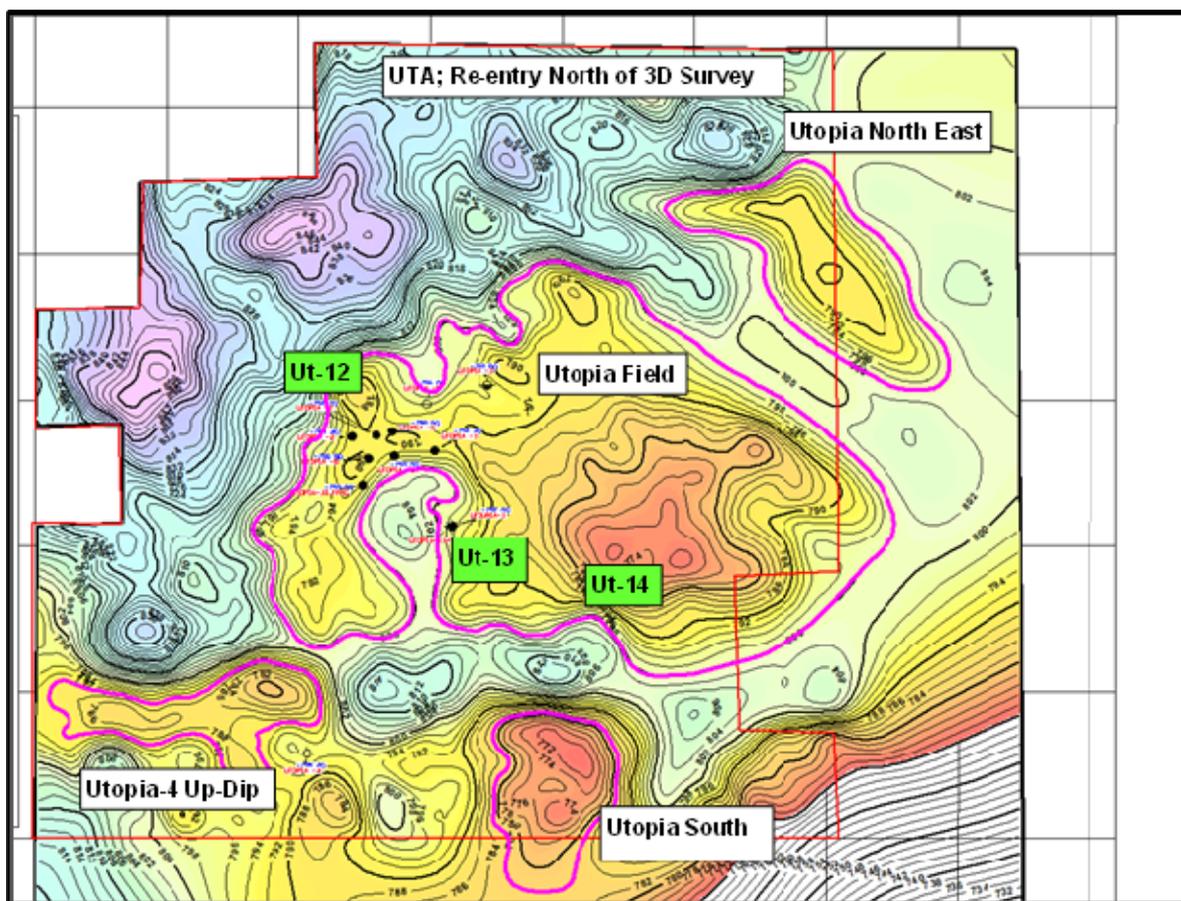
During the quarter Bridgeport executed an agreement to acquire a service rig to enable the company to undertake well workovers. Service operations commenced just prior to the end of the quarter with workovers commencing on Utopia wells 10, 2, 8 and 11. Post quarter production had been reinstated on wells 10, 2 and 8. The Utopia 11 workover was suspended for mobilisation of specialised equipment and the rig moved to the Inland field where workovers are scheduled on Inland 3, 7, 8 and 11 and new completions for production on Inland 16, 17 and 18. The rig will then move back to Utopia for completion of the three new wells in that field.

## Subsurface – Geology and Geophysics

*Utopia Field - PL 214 (Eromanga Basin) (60% Bridgeport Energy)*

3D mapping at the Utopia field in PL 214 resulted in the selection of a number of potential drilling locations within the confines of the field area.

**Figure 2: Utopia Murta M2 Top Reservoir Depth Map**



In addition, locations were identified within the eastern lobe of the field. Following PL 214 joint venture meetings, three locations were selected; two relatively low risk production development wells (Utopia 12 and 13) and one higher risk well (Utopia 14). It was further determined that coring should take place on Utopia 13 (sole risk well) so the core could be used to determine reservoir sweep efficiency and horizontal multi stage frac potential in the Murta reservoir.

Mapping and reserves will be up-dated upon completion of the current drilling program.

*PL 214 Exploration (Eromanga Basin)*

As a consequence of the 3D seismic interpretation and mapping, refinement of exploration targets within the production licence has been in progress through the quarter. Four separate prospects are being considered for drilling in the next campaign.

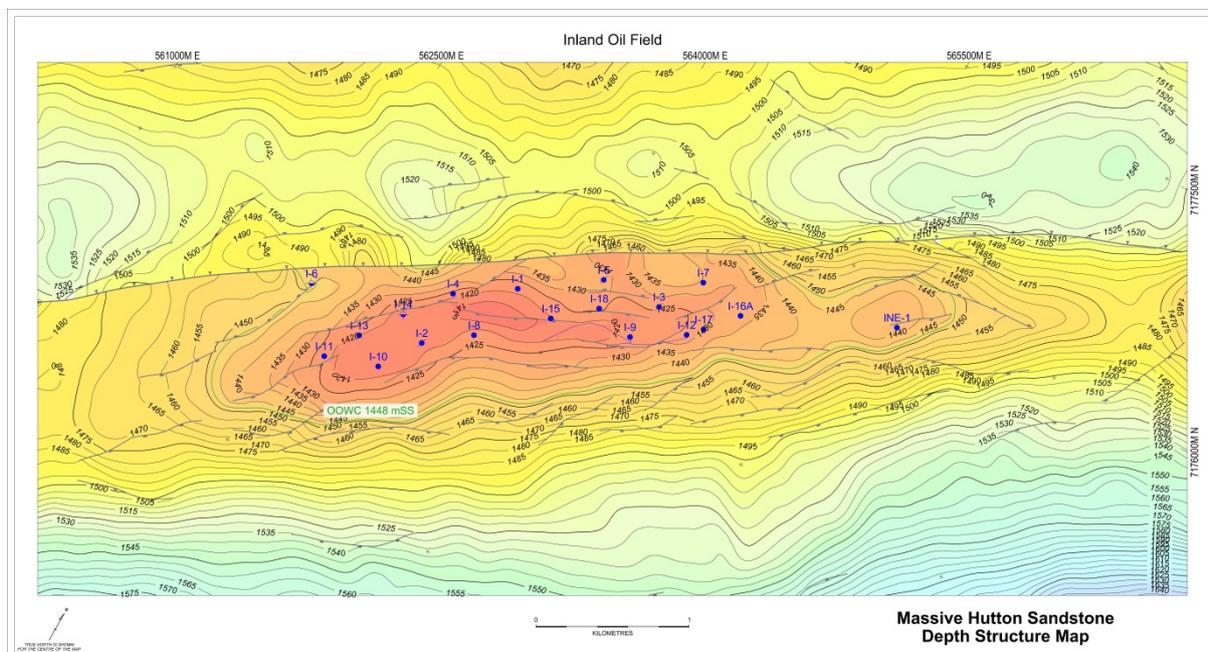
### *Inland Field - PL 98 (Eromanga Basin) (Bridgeport Energy 100%)*

The Inland oil field is located on the northern flank of the Cooper-Eromanga Basin, approximately 120 km NNE of the Cook/Cuisinier oil fields and 142 km west of Windorah township.

The current drilling program arose from the company's in-house interpretation and mapping of the 3D seismic data set (see depth structure map below) and detailed petrophysical analysis of well data. This work identified undeveloped oil potential in the north-eastern portion of the field area. Selection of the well locations took into account;

- the possibility of unswept oil above the original oil-water contact (OOWC) within the main reservoir sand (Hutton Sandstone), and
- oil traps within secondary reservoirs that lie above the main producing zone.

**Figure 3: Inland Oil Field – Hutton Depth Structure Map Post Drilling**



All three of the new Inland wells encountered good reservoir sand quality with hydrocarbon shows while drilling, which was supported by wireline log data.

The actual depths to the top Hutton oil sand and the amount of net sand in the new Inland wells were close to pre-drill prediction and as a result, the mapping (above) and the original oil in-place within the Inland field has not changed. Once the flow rates from the three new wells are available, then a revised estimate of the recoverable oil will be carried out.

### *Exploration Permit ATP 560P (Eromanga Basin)*

The Utopia East 2D seismic survey was acquired in late 2012 and the data is being interpreted and integrated with the Utopia 3D seismic data.

### *PL 98 Exploration (Eromanga Basin)*

A number of oil companies have expressed an interest and are reviewing exploration targets within PL 98 with a view to making a farm-in offer that would involve the drilling of an exploration well. Most likely this would address the Birkhead channel feature on the north west side of the main bounding fault.

### *Exploration Permit PEP 150 (Otway Basin) (15% Bridgeport Energy)*

This non operated (Beach Operator) venture is progressing towards clearance of Native Title and granting of the licence by the Victorian Government by mid-2013.

### *Exploration Permit PEP 151 (Otway Basin) (25% Bridgeport Energy)*

Discussions with the Department of Sustainability and Environment (DSE) and the Department of Primary Industries (DPI) were recently held regarding approvals to allow the acquisition of the Morgan 2D seismic survey, that will fulfil the permit year 2 work program commitment. Large parcels of the block are currently deemed inaccessible or extremely expensive to access by DSE. This is restricting Bridgeport's ability to access some of the plays and prospects within the permit.

Discussions with the operator Cooper Energy regarding the way forward for the permit are currently underway.

**Figure 4: Location Plan for PEP 150 and PEP 151 Otway Basin**



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