

# NEW HOPE CORPORATION LIMITED

## QUARTERLY ACTIVITIES REPORT

31 October 2009

	3 Months to 31/10/09 Tonnes 000's	3 Months to 31/10/08 Tonnes 000's	Change
Raw Coal Production	2,679	2,314	+ 16%
Saleable Coal Production	1,396	1,263	+ 11%
Coal Sold	1,483	1,236	+ 20%
QBH Export Throughput	1,748	1,535	+14%

### COAL OPERATIONS

Group saleable coal production for the 3 months to 31 October 2009 was 1.396 million tonnes, 11% higher than the previous corresponding period in 2008. The increase was due to slightly higher production from the Company's New Acland mine on the Darling Downs, which produced 1.064 million tonnes during the quarter, coupled with higher production from the Jeebropilly Mine near Ipswich, which produced 0.255 million tonnes during the quarter. Production at the New Oakleigh mine near Rosewood was 0.077 million tonnes, which was lower than the previous corresponding period due to higher stripping ratios.

New Hope's group sales for the quarter of 1.483 million tonnes were 20% higher than the previous corresponding period due to strong demand from export customers coupled with higher production and available rail capacity.

The expansion of the New Acland Mine to an annual production capacity of 4.8 million tonnes is on schedule to be completed early in the next quarter. The scheduled 12 day shutdown of the New Acland Coal No. 2 coal handling & preparation plant occurred during September 2009, which enabled construction to be completed to increase its production capacity by 60%. Commissioning was completed successfully in early October 2009.

The \$30 million Wetalla Water Pipeline project was completed during the quarter, which enables treated waste water to be pumped from the Toowoomba Regional Council Wetalla Water Reclamation Plant to the New Acland Mine – a distance of approximately 46 km. The completion of this project has enabled the New Acland Mine to reduce its reliance on groundwater and surface water runoff.

The QBH expansion project is proceeding on schedule, with a new stacker installed, civil and mechanical works well advanced and electrical work commenced. Bulk fill of the new coal stockpile pad areas has been completed, with further foundation piling due to be completed during the next quarter. Available areas of the new stockpile pads are currently

being used for stockpiling coal; however this activity involves longer dozer push and reclaim distances.

## **EXPLORATION**

New Hope's exploration activities continued to focus on the resource definition program for its Central Queensland (CQ) and South East Queensland (SEQ) tenements – primarily the New Acland, Lenton and Ownaview West EPC's. A significant amount of drilling was also undertaken at the New Acland and Jeebropilly Mines to provide better resource definition as the mines advance into new mining areas within existing mining leases.

### **New Lenton**

The 32.8 kilometres of 2-D seismic survey that commenced at New Lenton (EPC766 and EPC865) last quarter was completed and the report on the interpretation of seismic sections has been received. The clarity of the seismic response along these sections is excellent and the results have confirmed the location and nature of structural features and the continuity of prospective coal resources further to the north and north-west of ML70337. Initial drilling is confirming the seismic results and further confirmation drilling is planned along the survey lines.

Core drilling to obtain samples for Coal-to-Liquids laboratory analysis and pilot plant reactivity testing was completed.

A total of 1,934 metres of drilling was completed during the quarter.

### **Ownaview West**

No drilling was conducted at Ownaview West during the quarter due to wet weather, which precluded access to planned borehole locations. However, a drilling rig returned to Ownaview West late in the quarter and is being utilised to complete the clean-out of blocked boreholes for their ensuing rehabilitation.

### **New Acland & Jeebropilly (West Moreton)**

Resource definition drilling totalled 6,667 metres on the Jeebropilly and New Acland mine leases.

Laboratory testing of resource definition samples is progressing efficiently with analysis on schedule. The ensuing data is being collated and entered into existing geological models. The models at New Acland and West Moreton operations have been calibrated and are proving to be much more representative of the resources in these areas. The models are now providing additional resource data to minimise planning and operational risks and are adding confidence to the mining and processing outcomes.

## **BUSINESS DEVELOPMENT**

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

Recent test results in both the USA and South Africa have been encouraging, which has enabled the company to progress with the next stage of evaluation of coal-to-liquids technology through the establishment of a one tonne per hour concept test plant, subject to a satisfactory agreement with the technology provider. Subject to regulatory approvals, the planned location for the first concept test plant will be at the Jeebropilly Mine.

The test plant will enable the comparison of liquid yields for alternative fuel sources, the establishment of operating protocols, demonstrate emissions performance and provide the information to enable the design of a pilot plant of 25 tonne per hour scale.

### **Planet Gas Investment**

As part of its energy diversity strategy, during the quarter New Hope acquired a 13% interest in the ASX listed company, Planet Gas Limited. NHC will be the company's single largest shareholder and have a New Hope nominated director on its board. New Hope has the right to increase its holding to 19.9% at a total cost of approximately \$8.8 million. These funds will enable Planet Gas Limited to accelerate Australian geothermal projects.

The investment by New Hope continues its involvement in the broader Australian energy sector.