



# QUARTERLY ACTIVITIES REPORT

## 31 JULY 2020

21 August 2020

	Quarter Ended			Year Ended		
	Jul-20 ('000t)	Jul-19 ('000t)	Change (%)	Jul-20 ('000t)	Jul-19 ('000t)	Change (%)
<b>Saleable Coal Production</b>						
QLD 100% owned and operated	570	1,311	(56.5%)	3,013	4,819	(37.5%)
NSW 80% owned operations <sup>1,2</sup>	2,222	2,005	10.8%	8,272	6,039	37.0%
<b>Total Saleable Coal Production</b>	<b>2,792</b>	<b>3,316</b>	<b>(15.8%)</b>	<b>11,285</b>	<b>10,858</b>	<b>3.9%</b>
<b>Coal Sold<sup>1</sup></b>						
QLD 100% owned and operated	522	1,348	(61.2%)	3,495	4,857	(28.1%)
NSW 80% owned operations <sup>2</sup>	1,836	1,989	(7.7%)	8,030	6,065	32.4%
<b>Total Coal Sold</b>	<b>2,358</b>	<b>3,337</b>	<b>(29.3%)</b>	<b>11,525</b>	<b>10,922</b>	<b>5.5%</b>
QBH Export Throughput	985	1,841	(46.5%)	5,093	6,715	(24.1%)

<sup>1</sup> Includes Trade Coal Sales.

<sup>2</sup> NSW ownership 40% up to November 2018, 70% December 2018 to 25 March 2019 and 80% from 25 March 2019.

### KEY POINTS

- The Company continues to manage its operations carefully in response to COVID-19 with no cases recorded across the business and minimal disruption to operations;
- The Newcastle coal price has decreased by 24% (monthly average) since January 2020 due to reduced electricity demand in Australia's key coal markets, driven by the global response to the COVID-19 virus;
- The long-term trend of improving safety performance has continued with injury rates tracking well below industry average;
- Bengalla production recovered in the July quarter with the site achieving record production for the full year of 10.3 million tonnes (100% basis);
- Queensland production was down marginally on the previous quarter with full year production just on 3 million tonnes; and
- The New Hope Board appointed a new CEO, Reinhold Schmidt and a new Non-Executive Director, Jacqueline McGill AO.

#### REGISTERED OFFICE

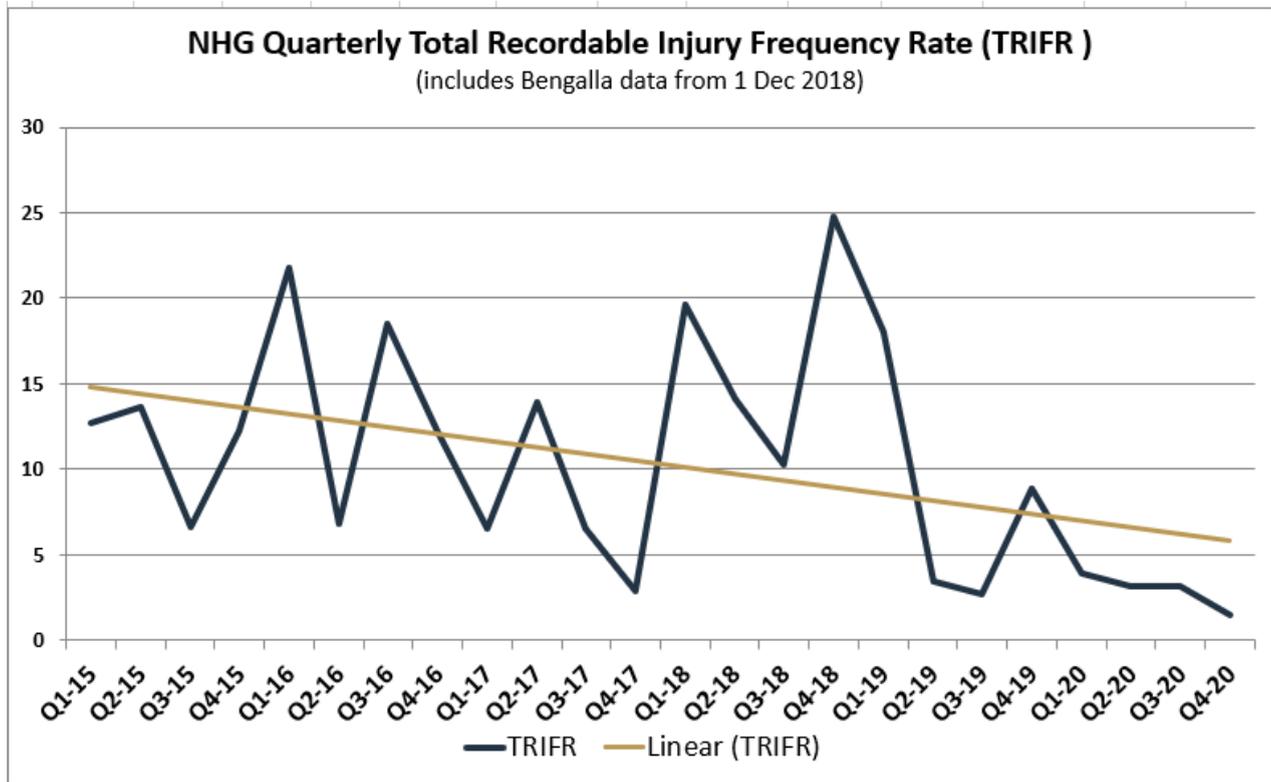
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## SAFETY PERFORMANCE

The Company's commitment to safety has continued to provide outstanding results with only one recordable injury in the quarter. The Company's Total Recordable Injury Frequency Rate (TRIFR) for the quarter was 1.5 per million exposure hours and is currently 3.0 on a twelve month rolling basis, considerably lower than the industry average of around six<sup>1</sup>.



<sup>1</sup>New South Wales Surface Coal Mines average

## THERMAL COAL MARKET

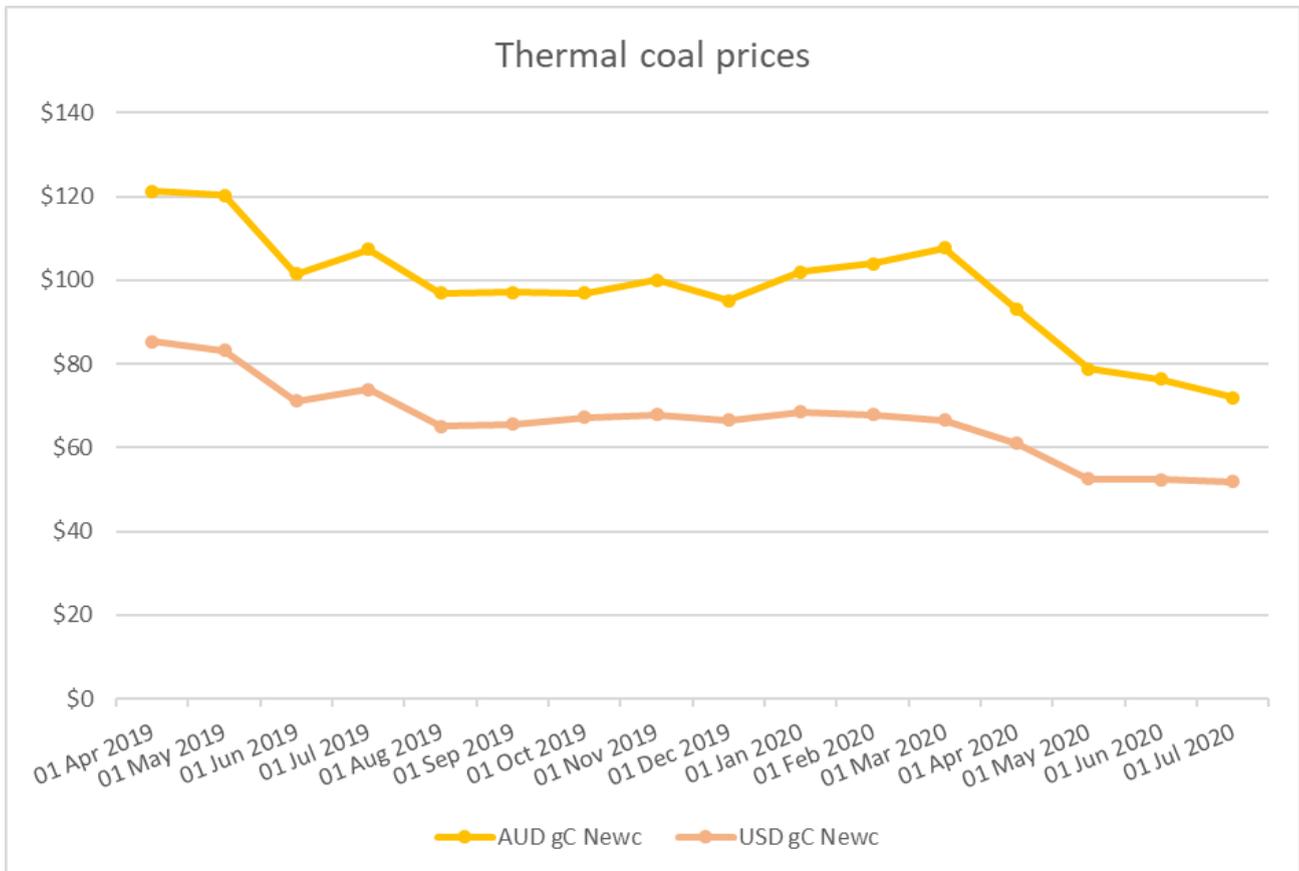
The Newcastle coal price has decreased by 24% (monthly average) since January 2020 due to reduced electricity demand in Australia's key coal markets, driven by the global response to the COVID-19 virus.

Thermal coal demand from Japan, Korea and Taiwan declined over the second half of the financial year in response to COVID-19, as power utilities rebalanced their procurement activities with demand, and more competitive gas pricing. Indian demand for imported thermal coal has decreased sharply due to lock-downs imposed to deal with COVID-19, and a drive by Government to get industry to consume domestic coal. Vietnam has been a bright spot throughout the first half of 2020, with record coal imports.

On the supply side, there have been several announcements regarding production cuts in Colombia, Indonesia, and most recently Australia as producers look to re-balance production profiles to match market demand.

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Source: globalCOAL – a division of Global Commodities Holdings Ltd

## COVID-19 RESPONSE

The Company is continuing to monitor the ongoing COVID-19 pandemic to ensure the health and wellbeing of team members and continuity of operations. To date New Hope Group has had no cases of COVID-19 at any of its sites and the disruption and increased cost associated with COVID-19 related management measures has been minimal.

The recent outbreaks across southern states has seen renewed efforts across the Company to ensure complacency does not become an issue. All employees receive regular updates from the CEO advising of travel restrictions where necessary. Standard COVID-19 measures continue to be practiced across all sites.

The Queensland Government decision to close the border with NSW is expected to disrupt certain activities of the business including exploration, Bridgeport operations and the Bengalla dragline shutdown. Plans have been implemented to mitigate the impact of the border closures.

The Company will continue to adhere to Government advice, including strict quarantine measures for staff who have returned from overseas or have been in contact with someone who has a confirmed case of COVID-19.

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## NSW OPERATIONS – 80% OWNED

Production for the quarter was strong with 2.8 million tonnes of coal produced (New Hope share 2.2 million tonnes). The geotechnical issues that hampered production in the third quarter have now been successfully managed. For the full financial year Bengalla achieved record coal production of 10.3 million tonnes (New Hope share 8.3 million tonnes).

Recent storms and wet weather in Newcastle resulted in port closures and rail network outages. As a result of these events some coal sales were pushed from July into August. Total coal sales for the quarter were 2.3 million tonnes (New Hope share 1.8 million tonnes).

The site commenced a scheduled major mid-life shutdown of the dragline at the end of July. This shutdown is planned to last for 80 days and involves a significant amount of mechanical, electrical and structural repairs and upgrades to the machine.

The dragline accounts for around 20% of total waste material movement at Bengalla and the shutdown will have a minor impact on coal flow in the first half of the 2021 financial year.



*Aerial view of the Bengalla dragline under maintenance.*

## QLD COAL OPERATIONS

### New Acland Mine

New Acland produced 0.6 million tonne of coal which was marginally less than the previous quarter. Operations in Centre Pit are coming to an end and the clearing and topsoil relocation of the final strip in West Pit was concluded. The site is continuing its focus on rehabilitation with recent rain helping to maintain a good coverage of grass in all areas.

The Queensland Government continues to defer its decision on the New Acland Stage 3 project citing ongoing legal appeals as the reason for their inaction. On 5 June 2020, the High Court of

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Australia granted objectors to the project special leave to appeal the orders of the Queensland Court of Appeal. The appeal will be heard on 6 October 2020. The Queensland Government's inaction will result in further job losses at New Acland in September as coal reserves in the existing mining lease area are exhausted.

The Supreme Court of Queensland adjourned an application to wind up the Oakey Coal Action Alliance (OCAA) until after the High Court appeal is heard. The Court stated in the judgement "The respondent (OCAA) owes a substantial debt to the applicant (NAC) and appears to be insolvent."

Recently a number of senior Federal Labor, Coalition and One Nation politicians have called for the New Acland Stage 3 project to be approved in the interest of saving existing jobs and creating new jobs. These calls have been echoed by unions and Queensland Liberal National Party members.

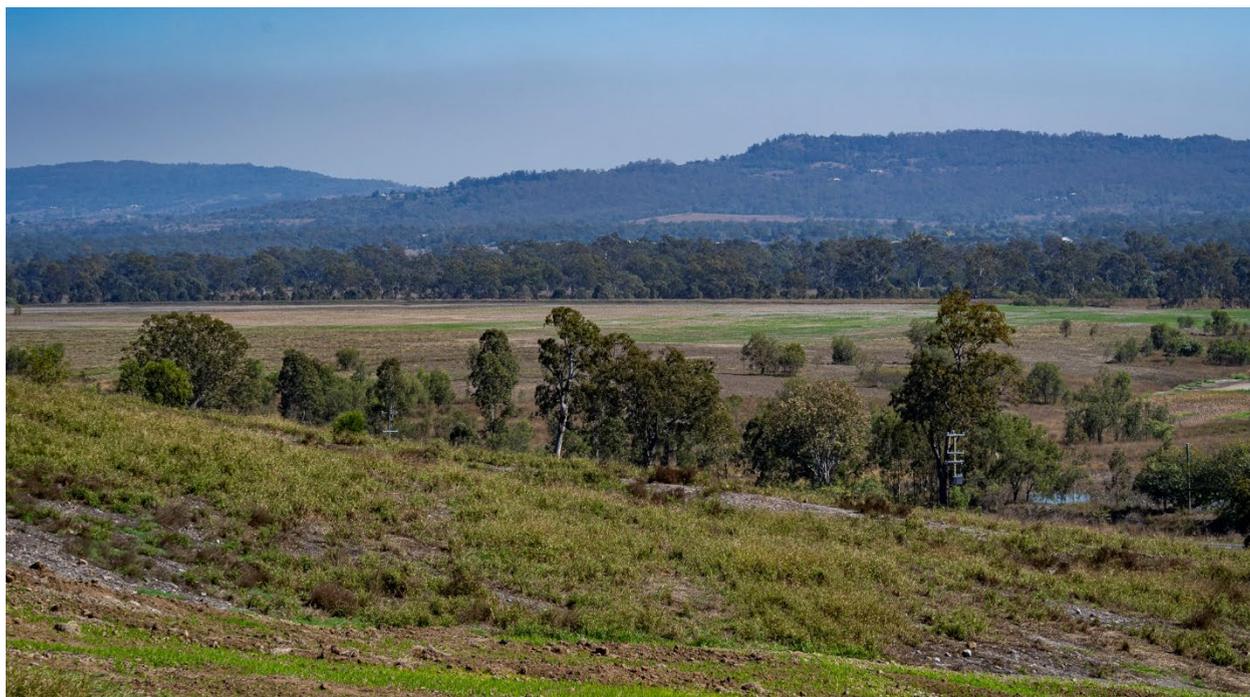
Despite this pressure the State Government remains recalcitrant and as a result the Company has no choice but to continue to ramp down mining activities. Unfortunately, a further 25 permanent jobs will be made redundant in quarter one of the 2021 financial year.

New Acland Stage 3 is a shovel ready project that will create 487 jobs within 18 months of commencement and secure the future of the over 150 employees that currently work at the mine.

The Company continues to correspond with government in regard to allegations of a breach of approval conditions in relation to mining in West Pit. New Hope Group vehemently rejects any suggestion it is unlawfully mining at New Acland.

### **West Moreton Operations**

West Moreton Operations' major focus continues to be on rehabilitation activities at the Jeebropilly and New Oakleigh sites. Re-shaping, topsoil placement and pasture seeding has continued over the quarter along with capping of the most southern area of the tailing storage facility.



*Jeebropilly rehabilitation eight months after operations ceased.*

Oakleigh East rehabilitation work has seen 315,000 bank cubic metres (BCM) of material moved into the Normanton Pit void during the period.

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Additionally, cattle grazing trials have been initiated at the site with the introduction of 113 heifers to the New Oakleigh western rehabilitation area. Trials will target both weight gain and pasture performance over a four to six month period. Mining ceased in this area in 2013 and the site has now been fully rehabilitated, another clear demonstration of how a sustainable post mining land use can be established in a relatively short time after the cessation of mining activity.

## **PASTORAL OPERATIONS**

NSW cattle grazing activities at Bengalla Agriculture Company (BAC) continued with the fattening of 150 Acland Pastoral Company (APC) bred cows.

A number of capital upgrades were undertaken during the quarter which included a set of cattle yards, fencing of various paddocks, a lateral irrigator installation and refurbishment of a pivot irrigator.

The use of satellite imagery to assist in grazing management aspects such as estimating feed levels and forecasting herd movements was also implemented at BAC.

Cattle grazing on the rehabilitated mined land at New Acland continued with a herd to be rotated through the area over the next 12 months.

## **COAL EXPLORATION AND DEVELOPMENT**

During the quarter, exploration activity saw 10 holes drilled for a total of 2,013 metres on the Bengalla mining leases and on the Culgowie and Taroom East exploration tenements in Queensland. Exploration activities have been heavily impacted by COVID19 travel restrictions.

The Bengalla mine drilling activities focused on collecting pre-production and geotechnical information prior to mining. The Bee Creek field program continued, with the completion of a geophysical (electromagnetic) survey in the target Rangal Coal Measures.

Resource estimation and reporting activities were completed for the Taroom and Woori areas (North Surat Project), along with gas estimation modelling work for Bengalla. Laboratory analysis of coal quality samples progressed for Bengalla and New Acland.

## **BRIDGEPORT ENERGY**

During the quarter Bridgeport's oil production totalled 85,449 barrels with 78,682 barrels of oil being sold, up on the prior quarter by 6.4% (80,290 barrels) but down 13% on the equivalent quarter (98,385 barrels) last year.

Implementation of cost management initiatives as a consequence of the continuing low oil prices, include a rapid response by the Company to reduce work staff levels across the business, with all office based contractors released and some employee redundancies necessary.

During the quarter all drilling rig operational activities in the field associated with workovers wound down with rig crews released and the rig stacked at Kenmore. Operational focus then moved to increasing crude storage capacity at site for the low oil price environment (as a storage hedge against low oil prices) and optimising production uptime across all the wells.

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The non-operated Vali 1 well in ATP2021 completed fracture stimulation operations and as at the end of the quarter the well was on flowback of stimulation fluids prior to commencement of the well testing programme. Initial indications of flow rates have been encouraging. (Further information can be obtained here <https://www.vintageenergy.com.au/asx.html>)

## COMMUNITY SUPPORT

Providing assistance and support that has a prolonged impact on building stronger communities has continued during this quarter. Although many activities had to be postponed or cancelled due to COVID-19 controls, the Company has continued to support the local communities in which it operates.

Specific community support activities undertaken during the quarter included:

- Bengalla provided donations to the Denman Public School for the purchase of resources for a literacy program for indigenous students and purchase of a water bottle filling station for Sandy Hollow School.
- Two Angus steers were donated to Oakey State High's Agricultural Science Program by APC.
- The Toowoomba Horse Riding for the Disabled Group were given four bales of hay by APC. This initial delivery of hay is part on an ongoing partnership between APC and The Toowoomba Horse Riding for the Disabled Group.

## CORPORATE

### Director appointment

The Company announced that Ms Jacqueline McGill AO was appointed as a Non-Executive Director of the Company effective from 22 June 2020. Jacqueline is a highly accomplished Executive and Non-Executive Director with broad strategic and deep operational leadership across a range of sectors.

### CEO appointment

The Company announced that Mr Reinhold Schmidt was appointed as Chief Executive Officer of the Company effective from 1 September 2020. His appointment follows the completion of a comprehensive selection process undertaken with the assistance of an independent executive search firm. Mr Schmidt brings with him more than 20 years' experience in the mining industry. His most recent role was as Chief Executive Officer of Yancoal Australia Ltd, from August 2013 until March this year.

### CFO resignation

The Company announced that Mr Matthew Busch resigned from his position of Chief Financial Officer (CFO). The Company's General Manager Corporate Development, Mr Rob Bishop, was appointed as Acting CFO for a period of up to 6 months whilst a recruitment process for a permanent replacement is undertaken. Mr Bishop has previously held CFO positions in the resources industry.

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## Redundancies

As a consequence of the Queensland Government's refusal to approve New Acland Stage 3, a number of redundancies were made across the Corporate Office and Queensland Bulk Handling (QBH). In total, 23 employees were made redundant and the remaining workforce at Corporate, QBH, West Moreton, Burton and Bridgeport moved to a nine-day fortnight and took a 10% reduction in pay as of 1 July. QBH workers took a decrease of almost 30% in their salary

## Colton Project Update

As announced on 12 June 2020, the High Court of Australia dismissed (with costs) the applications for special leave to appeal by Wiggins Island Coal Export Terminal Pty Ltd (WICET), and by the Liquidators on behalf of Northern Energy Corporation Limited (in liquidation) (NEC) and Colton Coal Pty Ltd (in liquidation) (Colton Coal) in relation to the New South Wales Court of Appeal decision. This leaves in place the determinations of the Supreme Court and Court of Appeal in New South Wales that the Company has not guaranteed the debts of NEC and Colton Coal under the Company's Deed of Cross Guarantee.

The Liquidators have continued their investigations into NEC and Colton Coal to determine whether there are potential claims that exist against the Company or the former directors of NEC and Colton Coal, including whether NEC and Colton Coal were trading whilst insolvent. No proceedings have been commenced with respect to these potential claims.

## Financial Results Release

The Company's 2020 Full Year Financial Results are scheduled to be released on Tuesday 22 September 2020. A presentation of results will be lodged with the ASX and available on the Company's website.

For more information, please contact:

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*This ASX Announcement was approved and authorised for release by the Board*

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