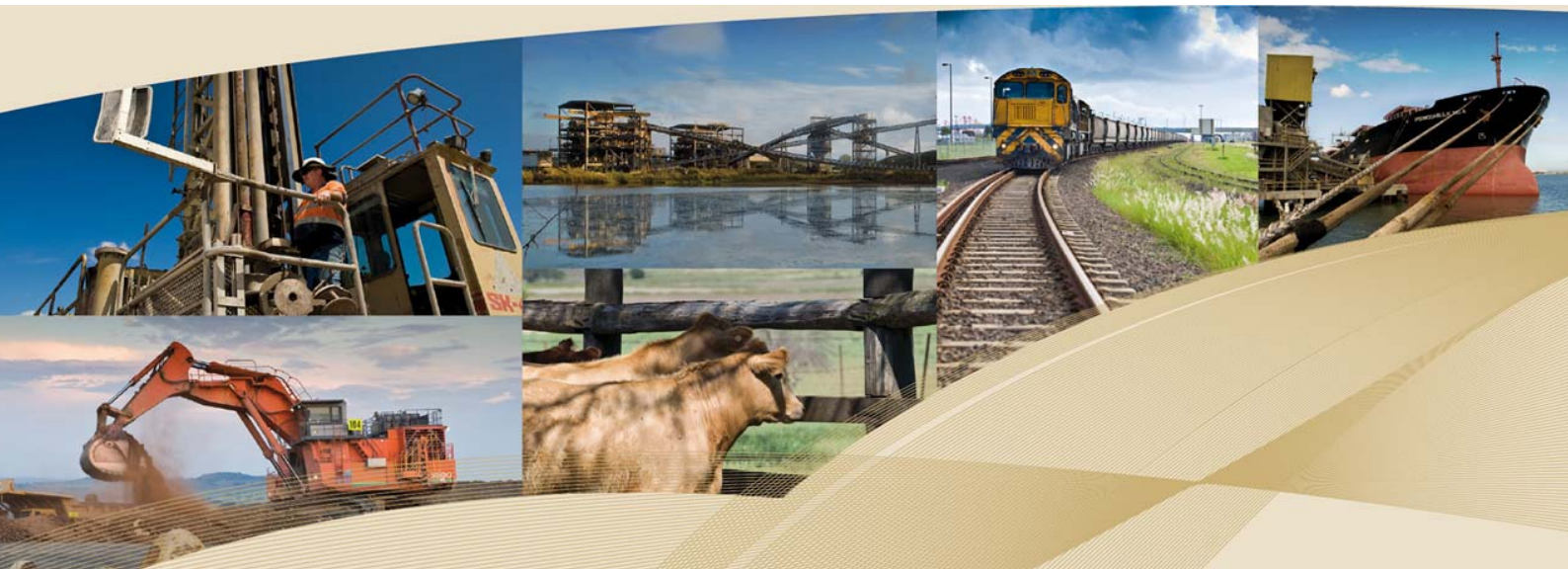




New Hope Group

Tasmania Project EL49/2007 York Plains Final Report



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Annual Report 2010-2011
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Introduction

This report summarises the activities carried out by New Hope Exploration Pty Ltd on the currently held Exploration Licence EL 49/2007, York Plains for the life of the lease.

Tenement:	EL49/2007
Date Granted:	4 th May 2008
Location:	York Plains (7 km NE of Oatlands)
Holder:	New Hope Exploration Pty Ltd 3/22 Magnolia Drive Brookwater QLD 4300.

Exploration Licence 49/2007 was granted to New Hope Exploration Pty Ltd on 4th September 2008 to explore for coal over 96 square kilometres of land in the vicinity of York Plains (Figure 1)

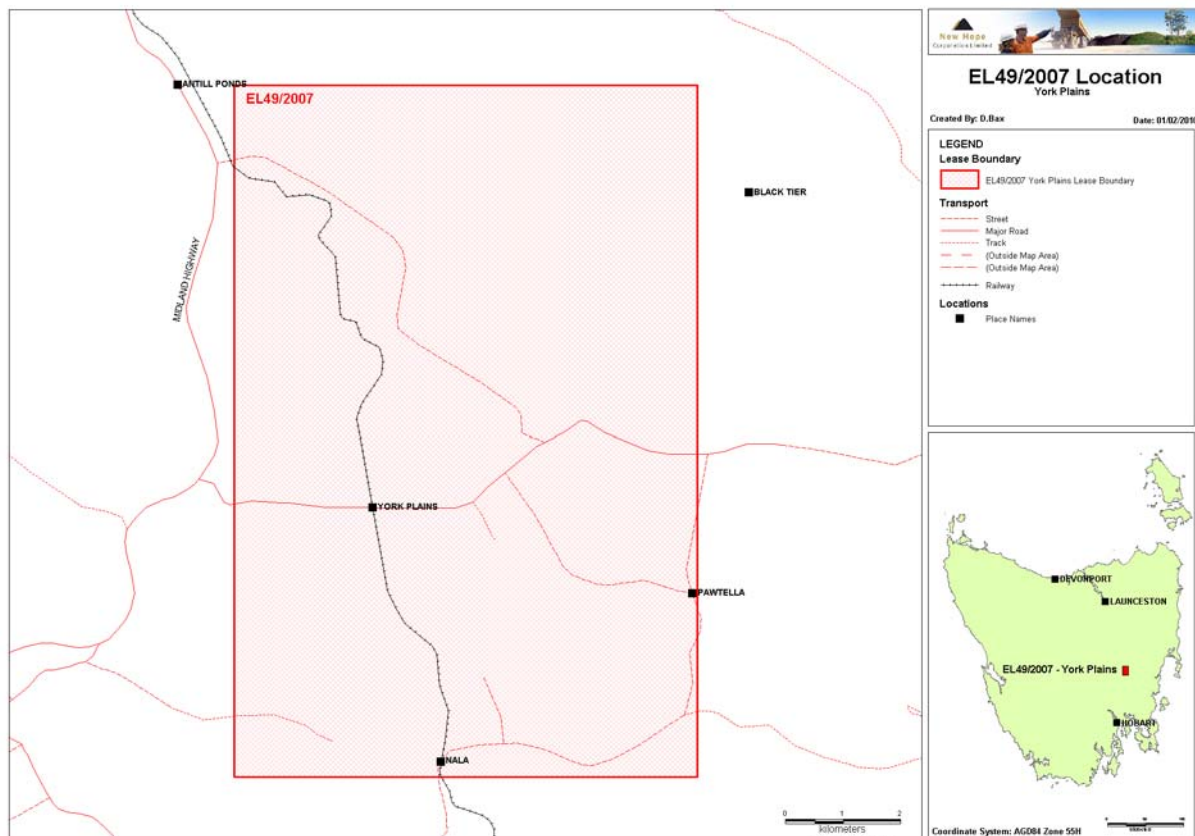


FIGURE 1 LOCATION OF EL 49/2007 YORK PLAINS

Exploration Rationale

New Hope Exploration Pty Ltd is focusing on over looked Australian coal prospects. By reviewing existing open file historical data and securing prospective tenure we can re-model deposits, and explore areas that have the potential to contain sufficient resources of appropriate qualities to warrant further work. NHE then applies modern end use technologies to establish feasibility.

The aim of the program is to:

- Test coal (sub-bituminous) seam qualities and their applicability to Coal to Liquids (CTL) technology
- To confirm the extent of the known resource in the lease area.
- And assess if an economic resource exists

Geological Setting

The target coal resource at York Plains Coalfield occurs within the Upper Parmeener Supergroup. The Supergroup has been disrupted by large scale Jurassic dolerite intrusions, faulting and to a lesser extent by Tertiary volcanic complexes (**Error! Reference source not found.**).

Excluding Permian horizons, most of the Upper Parmeener Supergroup stratigraphic units identified by Forsyth (1984) occur in the York Plains district. These stratigraphic units are:

Rg	-	Volcanic lithic arenite with subordinate lutite and coal seams
Rsf	-	Lutite and dominantly quartz-rich lithic arenite with minor coal seams
Rsq	-	Quartz arenite and lutite with carbonaceous beds and subordinate lithic arenite and coal seams
Rs	-	Lutite with quartz rich lithic arenite
Rsq	-	Quartz arenite and lutite, occasionally with quartz sandstone
Rm	-	Micaceous lutite and micaceous quartz sandstone frequently with other silicified, bioturbated and mottled purple lutite
Rp	-	Quartz arenite with subordinate lithic rich horizons

The target coal seams are recorded within the upper most Rg unit of the Carnian age (late Triassic). However thinner coal seams have been recorded elsewhere in the two underlying stratigraphic units (Rsf and Rs).

The depositional environment of the York Plains coalfield is considered to have been fluvatile, with single channel rivers depositing sand in the channels, silt in overbank regions and mud in the back swamps.

The coal appears to have originated in peat swamps formed over the back swamp muds. These back swamps were subject to regular flooding and burial of thick transgressive bodies of sand.

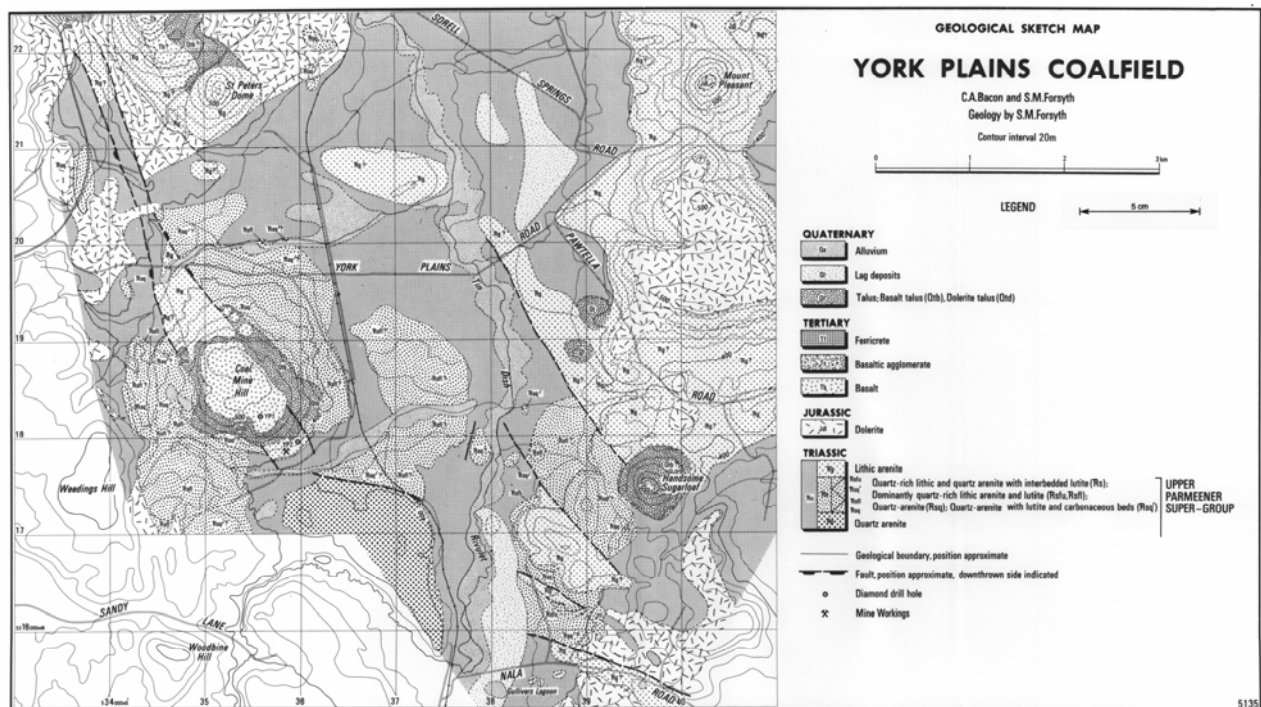


FIGURE 2 GEOLOGICAL MAP OF THE YORK PLAINS COALFIELD

Review of Previous work

As per the supporting statements for the EL application, New Hope Coal has undertaken a review of the EL areas, historical data and constructed a geological database and model. This process is underway and the expenditure to date encompasses this work.

Documents reviewed:

EL 18/82 – Parattah 84-2294 Geological and Coal Resource Estimation - York Plains Area
15/12/1988 CRA Exploration PTY Limited

EL 18/82 – Parattah 85-2479 Large Core Drilling of the York Plains Coal Deposit 9/08/1985
CRA Exploration PTY Limited

EL 28/79 – Colebrook/York Plains Coalfields Tasmanian Coal Prospects Exploration
Progress Report Six months ended 16/10/1981 Capricorn Mining Limited

Bacon C.A 1985 Petrographic and Proximate Analyses of Coal from the York Plains
Coalfields

Additionally, The Coal Resources of Tasmania Bulletin 64, by C.A. Bacon 1991, was also a valuable reference for wider searches and understanding of the Tasmanian Coal fields.

Exploration Completed 2009-2010

During the reporting period the following was undertaken:

- Visited selected drill sites
- Ground-based field inspections and weather monitoring
- Interviews with potential service providers
- Drawing up contracts with selected service providers
- Negotiations with landowners

- Visitation to Tasmanian Minerals Council
- Meetings with Michael Leonard, John Pemberton and other Mineral Resources of Tasmania personnel
- Regular communication with John Pemberton of MRT on progress with the exploration program (delayed due to extended wet season)

Exploration Completed 2010-2011

During the reporting period the following was undertaken:

- Ground-based field inspections and weather monitoring
- Ongoing discussions with selected service providers
- Continued negotiations with landowners
- Exploration drilling – stratigraphic confirmation of historical drillholes
- 8-inch coring for a bulk sample for Coal to Liquids analysis

Due to unseasonal rain in Tasmania during 2010, the drilling programs were postponed until such time where it was agreed between the landowner, Spaulding Drillers and New Hope Exploration, that access to the drill site would not hinder ground conditions, and cause unnecessary damage to the landowners' property. Several trips to visit landowners were made by representatives of New Hope Exploration or by an appointed Tasmania-based delegate.

DRILLING

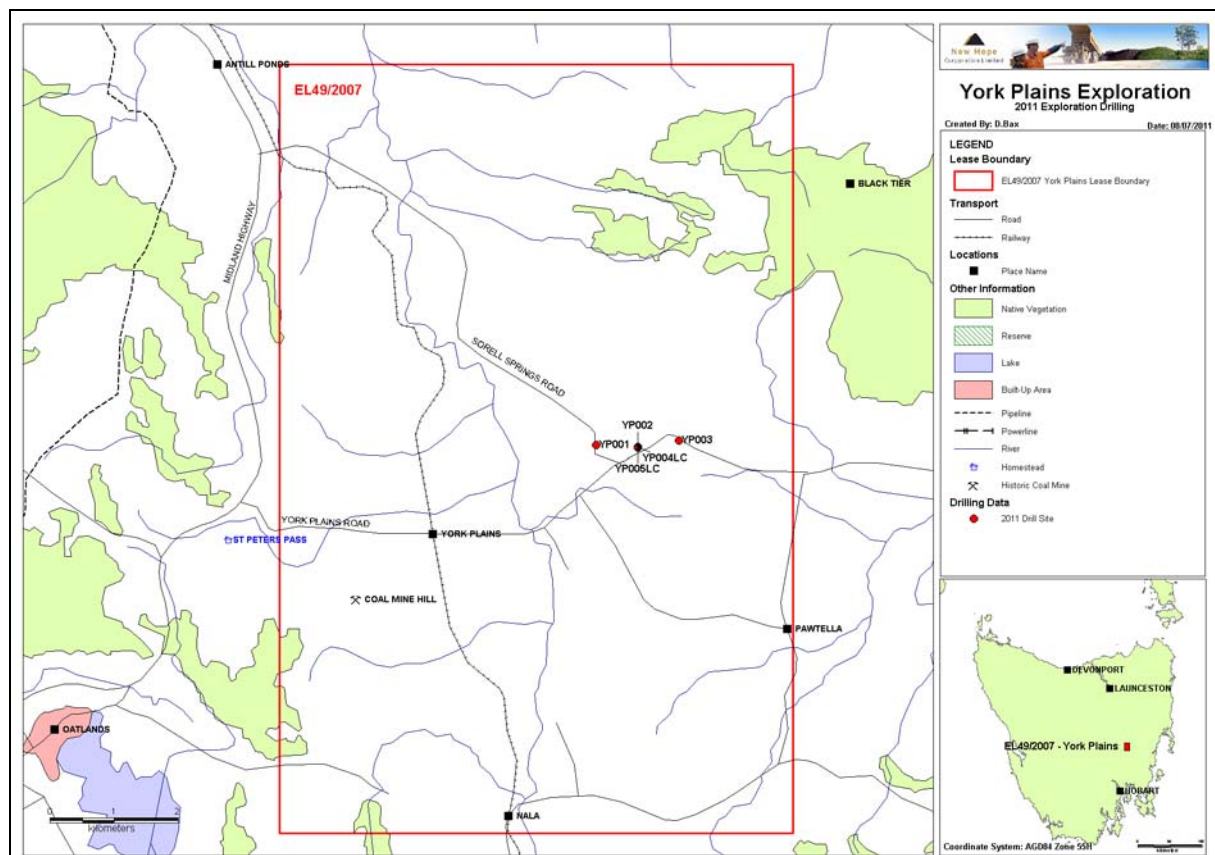


FIGURE 3: LOCATION OF 2011 DRILLHOLES AT YORK PLAINS

All drillholes drilled at York Plains were completed by Spaulding Drillers, based in Devonport, Tasmania, at the locations seen in Table 1. Table 2 below shows a summary of the drilling

and geophysical information for the York Plains holes. All lithology logs and geophysical logs are attached as appendices in the 2010 Annual Report.

TABLE 1: SUMMARY OF DRILLHOLE LOCATIONS FOR YORK PLAINS

Hole Name	Historical Hole Name	Easting	Northing	Elevation (m)	Total Depth (m)
		GDA94 – Zone 55H		AHD	
YP001	038	539049.08	5321241.11	382.70	150.00
YP002	037	539699.51	5321208.33	400.86	72.00
YP003	012	540337.80	5321309.19	444.58	150.00
YP004LC	037	539698.52	5321211.51	400.85	29.75
YP005LC	037	539698.52	5321205.93	400.86	33.00

NOTE: Coordinates for drillholes were provided in AGD84, as this is New Hope's standard for exploration and resource modelling. To report the coordinates in GDA94, they were generated using the Coordinate Extractor tool in MapInfo. All holes have been surveyed by Survey Resources of Launceston, Tasmania.

TABLE 2: SUMMARY OF DRILLING AND GEOPHYSICAL DETAILS FOR YORK PLAINS DRILLHOLES

Drilling Details							Geophysics	
Hole Name	Start Date	End Date	Hole Type	Company	Rig No.	Orientation	Logged	Company
YP001	8/02/2011	9/02/2011	7" Chip	Spaulding Drillers	Rig 6	Vertical	Yes	GDS
YP002	9/02/2011	10/02/2011	7" Chip	Spaulding Drillers	Rig 6	Vertical	Yes	GDS
YP003	14/02/2011	15/02/2011	7" Chip	Spaulding Drillers	Rig 6	Vertical	Yes	GDS
YP004LC	16/02/2011	17/02/2011	8" Core	Spaulding Drillers	Rig 6	Vertical	Yes	GDS
YP005LC	17/02/2011	18/02/2011	8" Core	Spaulding Drillers	Rig 6	Vertical	Yes	GDS

Exploration Completed 2011-2012

During the reporting period, no field based activities were undertaken, and, a review of the drilling information from the 2011 exploration program showed that not enough data was obtained to infer coal seam extensions, or to build a geological model. This was because the previous program was designed to confirm the location and stratigraphy in the historical drill holes, rather than to provide further information to allow further modelling work to be carried out. However, the planned program for 2012 is designed to use geophysical techniques to define where the extension of the coal resources may be located, as well as comparing geological and geophysical anomalies to target further drilling.

Geological Evaluation of the York Plains Deposit

A geological database has been created in the Minescape GDB module incorporating 36 drill holes with lithological data, and includes the drilling data from the 2011 exploration program.

Due to the nature of the deposit, correlations between all of the boreholes were not able to be produced, and therefore, a cross section across the region was not possible.

Further work is still required to complete the stratigraphic correlations at York Plains, however it is inferred that given the geological nature of the deposit, this will be a difficult task. Work will continue in the next reporting period to ensure a stratigraphic model is produced to further define resource boundaries and additional targets.

Environment

Environmental disturbance was reported in 2011 as per Table 3 below.

TABLE 3: ENVIRONMENTAL DISTURBANCE AREAS FOR YORK PLAINS

Hole	Location	Approximate Size	Approximate Area	Comments
YP001	Drill pad Access Track	40m x 30m 400m x 5m	1200m ² 2000m ²	No clearing required, however, heavy vehicles were on site
YP002	Drill pad Access Track	40m x 30m 400m x 5m	1200m ² 2000m ²	No clearing required, however, heavy vehicles were on site
YP003	Drill pad Access Track	40m x 30m 700m x 5m	1200m ² 3500m ²	Slashing on site and access track, removed scrub from track
YP004LC	Hole drilled on same site as YP002			
YP005LC	Hole drilled on same site as YP002 & YP004LC			
TOTAL			11100m²	

The York Plains rehabilitation was completed in May 2011, after more significant rain events postponed rehabilitation from occurring immediately following the drilling program. The rehabilitation required was minimal, due to exploration operations being carried out in ways which minimised the environmental disturbance footprint. The drill sites were also selected which utilised existing landholder tracks and gates, which meant that little clearing of the land was required, and it was carried out in consultation with the landowners.

During drilling operations, drill cuttings were diverted into a large skip bin and disposed of at the completion of the hole. Any water that was intersected or injected was also collected in the skip bin, and was vacuum-pumped out regularly. All drillhole waste was transported to registered waste disposal sites nearby the licence area.

Borehole rehabilitation involved cementing the entire borehole from total depth to within 1.5m below the surface of the ground, and then back-filled with top soil. In regards to site rehabilitation, a small amount of grass seed was then spread where required to stimulate the regenerations of the grass in the area around the drilled hole.

Spaulding Drillers completed all of this work. Further information has been provided in previous submissions to MRT.



YP001 Pre-Drilling



YP001 Post-Drilling

YP002 was the pilot hole for the YP004LC & YP005LC core holes, i.e. all holes were drilled on the same site.



YP002, YP004LC & YP005LC Pre-Drilling



YP002, YP004LC & YP005LC Post-Drilling



YP003 Pre-Drilling



YP003 Post-Drilling

References

BACON, C.A. 1991. The coal resources of Tasmania. *Bull. geol. Surv. Tasm.*64.

FORSYTH, S.A 1984. New data on rock distribution, York Plains area, Unpubl.Rep.Dep.Mines Tasm. 1984/1986

Keywords

Coal, Sub-bituminous coal, York Plains Coalfield, Coal to Liquids.