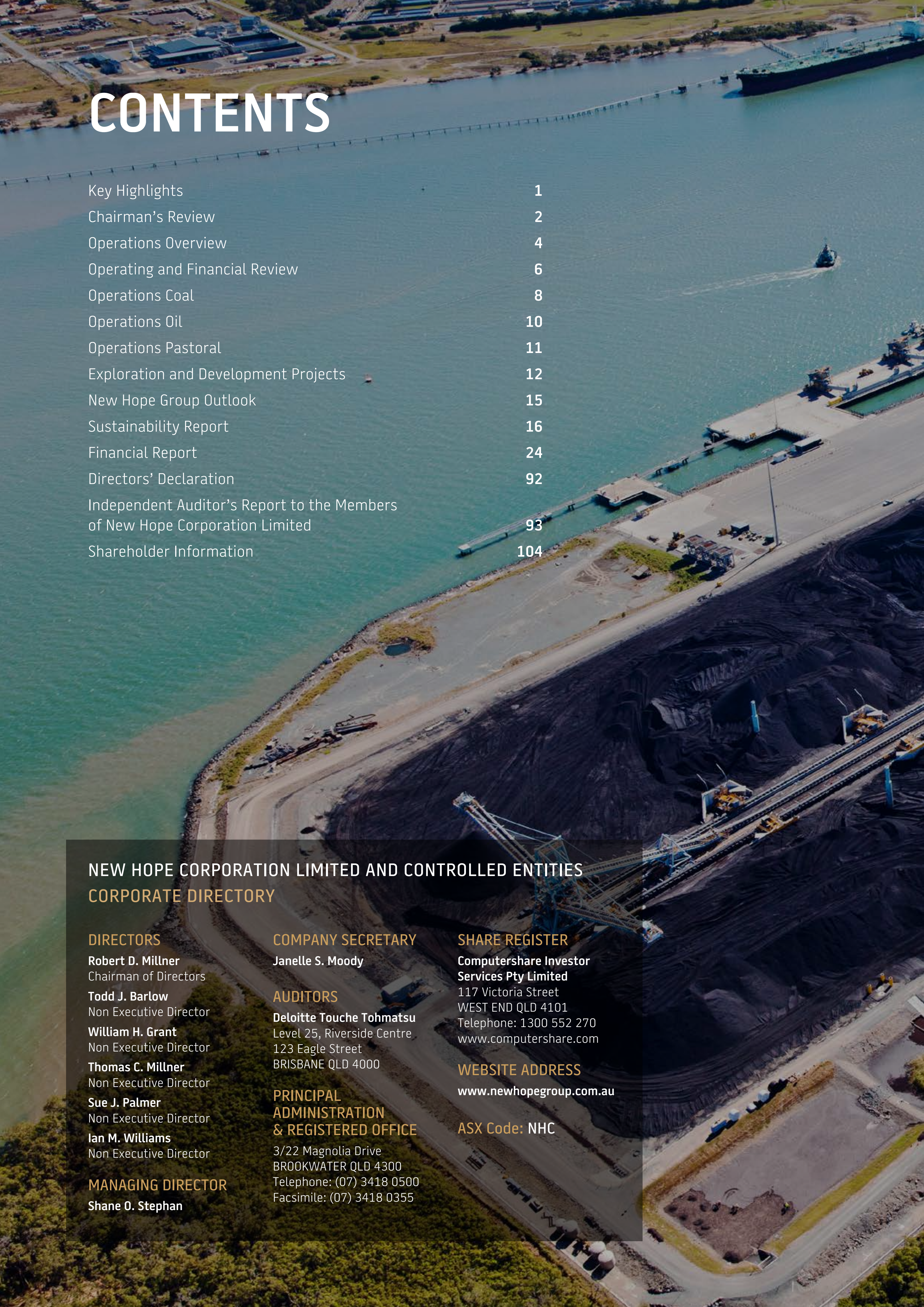
NEW HOPE GROUP

2017 ANNUAL REPORT



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NEW HOPE CORPORATION LIMITED AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

DIRECTORS

Robert D. Millner
Chairman of Directors

Todd J. Barlow
Non Executive Director

William H. Grant
Non Executive Director

Thomas C. Millner
Non Executive Director

Sue J. Palmer
Non Executive Director

Ian M. Williams
Non Executive Director

MANAGING DIRECTOR

Shane O. Stephan

COMPANY SECRETARY

Janelle S. Moody

AUDITORS

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KEY HIGHLIGHTS

SALEABLE COAL TOTAL PRODUCTION
8.6Mt
▲30%

TOTAL COAL SALES
8.5Mt
▲23%

REVENUE FROM OPERATIONS
$844.1M
▲59%

TOTAL DIVIDENDS
10 cents
▲150%

NPAT (BEFORE NON REGULAR ITEMS)
$128.7M
▲2,459%

EBITDA
$283.1M
▲248%

CHAIRMAN'S REVIEW

Dear Shareholders,

The Company achieved significant improvements in financial and safety performance during the past year. The timing of the acquisition of the Company's 40% interest in the Bengalla Joint Venture on 1 March 2016, a few months prior to the start of the recent improvement in coal prices, has once again demonstrated your Company's ability to take an astute countercyclical approach to coal industry investment. A disciplined approach to investing is a hallmark of your Company.

Demand is expected to remain firm for the high quality coal that New Hope Corporation Limited (New Hope, Company, Corporation or parent entity) produces for our customer base in Asia. Australia is not unique in having to solve the energy trilemma of balancing environmental performance, energy security and affordability. High Efficiency Low Emission (HELE) coal fuelled power stations are being built throughout Asia and other parts of the world as part of their long term energy solution. Australia needs to now get on with developing and implementing its national energy policy. It will be critical for the future competitiveness of our nation and the jobs that rely upon it that we do not sacrifice our historical advantage of affordable energy for industry.

NET PROFIT AFTER TAX

(BEFORE NON REGULAR ITEMS)

$128.7M

REVENUE FROM OPERATIONS

$844.1M

EBITDA

$283.1M

New Hope's overall production totalled 8.6 million tonnes of saleable coal during FY2017, an increase of 30% on FY2016's total production of 6.6 million tonnes. Total coal sales for FY2017 were 8.5 million tonnes, well above the 6.9 million tonnes sold in FY2016. Directors approved a final dividend of 6 cents per share taking total dividends per share for the year to 10 cents, up 150% on the four cents paid in 2016.

Financial Performance

New Hope has reported a net profit after tax (NPAT) and before non regular items of $128.7 million for the year ended 31 July 2017, which is up substantially on the 2016 result of $5.0 million. After non regular items the Company reported a NPAT of $140.6 million for the year ended 31 July 2017.

Revenue from operations totalled $844.1 million up 59% from the 2016 financial year. Cash generation remained strong with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $283.1 million, up 248% on the prior year. The Company produced a positive cash operating surplus of $313.0 million (before interest and tax).

Total non regular items after tax resulted in a net increase to the group's after tax profit of $11.9 million. The recovery of prior period below rail access charges totalled a positive $13.9 million post tax whilst an impairment of available for sale shares in IGas had a negative impact of $2.0 million post tax.

Bridgeport Energy Limited (Bridgeport) oil production increased 61% on FY2016 to 308,959 barrels (bbl) due principally due to the acquisition of Kenmore Bodalla and associated fields. Bridgeport revenues were $18.7 million up 78% on last year and an EBITDA of $1.1 million was realised on an average oil sales prices of $65/bbl.

Highlights

Concurrently with our much improved financial performance it is pleasing to report a significant improvement in the overall safety performance of New Hope's operations with the New Acland Mine total recordable injury frequency rate (TRIFR) of 3 being down from 11 in 2016 whilst at West Moreton operations the TRIFR of 4 for the year

GROUP TRIFR

5

(down from 15 in 2016) Industry average is 15.

was a substantial improvement on the rate of 35 reported in 2016. Queensland Bulk Handling Pty Ltd (QBH), the operator of the coal terminal at the Port of Brisbane (POB), achieved a safety milestone of 5 years Lost Time Injury (LTI) free during the year. These improvements in safety performance statistics vindicate the investment made by the Board and management in safety programs and systems including our behavioural safety based program, "I Safe We Safe". The Company remains committed to the ongoing investment in programs which are focused on ensuring the reliability of our critical safety controls and education programs which assist our valued employees in making safe and healthy decisions in all aspects of their lives.

The Company has continued to progress applications necessary to secure approvals for the New Acland Stage 3 project (NAC03). Approval was obtained during the year from the Federal Government under the *Environmental Protection and Biodiversity Conservation Act 1999*. During May 2017 the Queensland Land Court recommended that the Mining Leases (ML) and associated Environmental Authority (EA) amendment for NAC03 not be granted. The Company has decided to commence Judicial Review proceedings of this decision in the Queensland Supreme Court. The Queensland Minister for Natural Resources and Mines and the Chief Executive of the Queensland Department of the Environment and Heritage Protection (DEHP) are the final decision makers. These approvals and an Associated Water Licence (AWL) will be required for the project to proceed. New Hope remains committed to delivering the NAC03 project and will actively progress this project through the final stages of approval. We look forward to the Queensland Government's timely and favourable decision regarding the future of this operation.

The Colton project received its ML during FY2017 and recently the New Lenton Joint Venture announced it had reached agreement to acquire the infrastructure of the adjacent Burton Mine. Burton is immediately to the south of New Lenton and access to this infrastructure will facilitate New Lenton's development. Development options for these two projects will be evaluated over the course of the 2018 financial year. The Company will also progress the pre-feasibility studies into the development of its significant resource holdings in the North Surat.

Conclusion

Unlike many of our competitors, New Hope is committed to the supply of high quality thermal coal to our valued customers in the growing energy market of Asia over the long term. The results achieved this past year validate the decisions taken during the recent cyclical price downturn to maintain our globally competitive corporate capabilities in resource and project development. The ownership of the Australian thermal coal industry is becoming more concentrated and this fact is being noticed by those responsible for the sustainable supply of reliable and cost effective base load power into Asia. New Hope, as an independent majority-Australian owned producer of high quality coal, has the balance sheet, coal resource, and the business system capabilities to take advantage of these growing markets.

I would like to thank my Board colleagues for their efforts and commitment during the year.

I would also like to thank the management and staff of the Company for their hard work in producing an excellent financial and operational result and congratulate them on their success. Finally I would like to thank you, the shareholders, for your continued support.

R D Millner

Chairman

OPERATIONS OVERVIEW

C **OPERATIONS** COAL

A **OPERATIONS** AGRICULTURE

P **OPERATIONS** PORT MANAGEMENT

E **EXPLORATION & DEVELOPMENT**

NEW LENTON — EXPLORATION & DEVELOPMENT

LOCATION: Bowen Basin, Queensland
PRODUCT: Coking/PCI (pulverised coal injection)/thermal coal
MINING METHOD: Open cut
DEVELOPMENT STATUS: Environmental Impact Statement (EIS) commenced

COLTON — EXPLORATION & DEVELOPMENT

LOCATION: Near Maryborough, Queensland
PRODUCT: Coking coal
MINING METHOD: Open cut
DEVELOPMENT STATUS: ML applications approved 3 May 2017

NORTH SURAT

ELIMATTA — EXPLORATION & DEVELOPMENT

COLLINGWOOD — EXPLORATION & DEVELOPMENT

TAROOM — EXPLORATION & DEVELOPMENT

WOORI — EXPLORATION & DEVELOPMENT

The North Surat Project Pre-Feasibility Study progressed to advance the opportunities identified in the concept study. The Elimatta ML application is nearing completion with the final statutory requirements in progress.

QUEENSLAND BULK HANDLING — PORT MANAGEMENT

QBH is a separate venture located at the POB. It is a multi-user facility with the capacity to export 10 million tonnes per annum (mtpa) of coal and is Brisbane's leading coal export terminal. It has an international reputation as one of the nation's most reliable, efficient and quality assured facilities.

NEW ACLAND

COAL

COAL PRODUCTION **4.6Mt**

LOCATION: North-west of Oakey, Queensland
OPERATIONS: 2002 to present
PRODUCT: Thermal coal
MINING METHOD: Open cut, multi-thin-seam mining

WEST MORETON

JEEBROPILLY

COAL

COAL PRODUCTION **0.6Mt**

LOCATION: Amberley, Queensland
OPERATIONS: 1982 to present
PRODUCT: Thermal coal
MINING METHOD: Open cut, multi-thin-seam mining

NEW OAKLEIGH

REHABILITATION

LOCATION: Rosewood, Queensland
OPERATIONS: 1992 to 2013
PRODUCT: Thermal coal
CURRENT ACTIVITIES: Rehabilitation
New Oakleigh West site is completed and under maintenance regime until relinquishment of MLs.

CHUWAR

REHABILITATION

Major rehabilitation activities of the Chuwar site was completed in 2017. The area will now be under a maintenance regime until the MLs are able to be relinquished.

BENGALLA

COAL

COAL PRODUCTION **3.4Mt**

LOCATION: Sydney basin, New South Wales
OPERATIONS: 1996 to 2039
PRODUCT: Thermal coal
MINING METHOD: Open cut
Bengalla Mine is a joint venture (Wesfarmers 40%, New Hope 40%, Mitsui 10% and Taipower 10%).

OPERATING AND FINANCIAL REVIEW

Compared to the previous corresponding period, the 2017 full year result benefited from:

- Increased production and sales due to the inclusion of Bengalla for the full year;
- Increased coal prices in both USD and AUD terms; and
- A non regular recovery of prior period below rail access charges.

NPAT (BEFORE NON REGULAR ITEMS)		FROM COAL MINING, MARKETING AND LOGISTIC OPERATIONS	FROM OIL OPERATIONS
$128.7M ▲ 2,459% from 2016	=	$133.1M	– $4.4M

NPAT (AFTER NON REGULAR ITEMS)		FROM COAL MINING, MARKETING AND LOGISTIC OPERATIONS	FROM OIL OPERATIONS
$140.6M ▲ 362% from 2016	=	$145.0M	– $4.4M

During the year the Company generated a strong cash operating surplus of $313.0 million (before interest and tax).

Before non regular items, basic earnings for 2017 were 15.4 cents per share, compared to 0.6 cents per share in 2016. After non regular items, basic earnings per share were 16.9 cents per share for 2017 against losses of 6.5 cents in 2016.

BASIC EARNINGS PER SHARE (BEFORE NON REGULAR ITEMS)	BASIC EARNINGS PER SHARE (AFTER NON REGULAR ITEMS)
15.4 cents	16.9 cents

Directors have declared a final dividend of 6.0 cents per share (2016 – 2.0 cents per share). This dividend is fully franked and payable on 7 November 2017 to shareholders registered as at 24 October 2017.


21130

OPERATIONS
COAL

Coal production for the year was 8.6 million tonnes compared to 6.6 million tonnes produced in 2016. Bengalla contributed 3.4 million tonnes during the year and the Queensland mining operations produced 5.2 million tonnes which was comparable to 2016 production.

Coal sales for 2017 totalled 8.5 million tonnes (including 3.4 million tonnes from Bengalla) which was well above the 6.9 million tonnes sold in 2016.

NEW ACLAND

COAL PRODUCTION

4.6Mt

NEW ACLAND

TRIFR

3

(down from 11 in 2016)

NEW ACLAND MINE

New Acland Mine produced 4.6 million tonnes of product coal in 2017. This was consistent with 2016 production. Following damage to the QBH ship loader caused in November 2016 by a severe storm event, high coal stock levels were built up throughout the logistics chain. These high stock levels have resulted in production having to be curtailed at times to ensure that approved stock limits were not breached.

New Acland continued to experience improved safety performance achieving a 12 month TRIFR of 3, down from 11 in 2016. This places New Acland Mine amongst the best of its peers and compares to an industry average TRIFR of 15.

New Acland was a finalist in three categories of the Darling Downs regional finals of the annual Queensland Training Awards. New Acland and Jeebropilly Mine were joint winners of the Health Program Award at the Queensland Mining Health and Safety Conference, with both sites also nominated as finalists for the Safety Innovation Award.

New Acland's key achievements in 2017 include:

- The installation and commissioning of a Fleet Monitoring System;
- Lower seams and additional blocks of economic coal added to the mine plan which extends the Stage 2 mine life;
- Identification of a number of other resource areas that, if economic, may further prolong Stage 2 operations. These areas will be fully evaluated during the 2018 financial year;
- Completion of the installation and commencement of the operation of a natural gas fueled rear dump truck and refueling facility in partnership with the equipment manufacturer Mine Energy Solutions. This project is the first operational trial of this technology in a mining environment;
- Completion of the second phase of the sound attenuation project on major mobile plant to reduce noise output;
- Installation of a pilot scale Reflux Classifier in the coal handling preparation plant which has the potential to increase coal recovery in the fines circuit of the plant;
- Trialling X-ray sorting technology to separate waste from coal;
- Continued community engagement and the allocation of funds to local community projects; and
- Hosting numerous site tours for community, business and industry groups, as well as representatives from educational, environmental and agricultural organisations.

NEW ACLAND STAGE 3 DEVELOPMENT

The project has been successfully progressed in a number of areas during the last 12 months. Notably the Company has received *Environment Protection and Biodiversity Conservation Act 1999* approvals from the Federal Government. The Company has continued to progress the applications for a ML, EA amendment and AWL and provided further information to relevant parties in support of these approval processes.

On the 31st May the Queensland Land Court handed down its findings in respect to the Company's Mining Lease Application for NAC03, recommending that the EA and MLs for NAC03 not be granted. After careful consideration of the recommendation the Company has initiated a Judicial Review of the findings. It is anticipated the Judicial Review will be heard in the Supreme Court during the first of quarter 2018. Further detail regarding the NAC03 approval process is included in note 10 to the Financial Statements.

WEST MORETON

COAL PRODUCTION

0.6Mt

WEST MORETON

TRIFR

4

(down from 35 in 2016)

WEST MORETON OPERATIONS

West Moreton operations (comprising Jeebropilly Mine and rehabilitation sites at New Oakleigh and Chuwar), produced 0.6 million tonnes of product coal in 2017 which was in line with 2016 production.

West Moreton's key achievements in 2017 include:

- A significant reduction in total recordable incidents as a result of the training and development, and health and wellness programs;
- Full year TRIFR of 4 compared to 35 in 2016;
- Improvements in coal markets during the year which have enabled additional reserves to be added to the Jeebropilly mine plan. Coal production at Jeebropilly is now expected to continue until 2019; and
- Completion of major rehabilitation activities of the New Oakleigh West and Chuwar sites. These areas will now be under a maintenance regime until the mining leases are able to be relinquished.

QBH

EXPORTED COAL

6.9Mt

QUEENSLAND BULK HANDLING

QBH, New Hope Corporation's 100% owned coal terminal at the POB, exported 6.9 million tonnes of coal on 88 vessels. This result was similar to last year. QBH remains essentially a demurrage free port.

QBH's key achievements in 2017 include:

- 5 years LTI free safety milestone;
- Continuation of engineering and other studies required for upgrades of existing infrastructure and to allow for future expansion potential;
- Continuation of business improvement programs aimed at reducing costs and improving operational efficiencies with several key stages completed;
- Renegotiation of leases with the POB to ensure QBH has long term lease certainty and the ability to expand its operations should market conditions demand; and
- During November 2016, QBH suffered damage to the shiploader and stacker following a severe weather event. Both of these units are now operating at their designed capacity and several preventative actions have been developed to reduce the likelihood of similar outcomes from future severe weather events.

BENGALLA

COAL PRODUCTION

3.4Mt

BENGALLA

TRIFR

5

BENGALLA JOINT VENTURE

Bengalla Mine (100% basis) produced 8.5 million tonnes of coal in 2017. This was the first full year of production since New Hope acquired its 40% interest in March 2016. The Bengalla Joint Venture is operated by Bengalla Mining Company Pty Ltd (BMC).

Bengalla's key achievements in 2017 include:

- A TRIFR of 5;
- Excavation of over 50 million bank cubic meters of material;
- Instigation of a productivity improvement program with significant gains made in a number of operational areas;
- Commissioning of an additional digging unit to meet increased overburden requirements; and
- Completion of the Dry Creek diversion project.

In April 2017, BMC commenced proceedings in the Land and Environment Court of New South Wales against MACH Energy Australia Pty Ltd (MACH). BMC is seeking an order from the court restraining MACH from carrying out any further development for the Mount Pleasant Project prior to MACH satisfying the terms of its Development Consent. A date for the hearing has not yet been set as at 27 September 2017.

OPERATIONS
OIL

BRIDGEPORT

OIL PRODUCTION

308,959
bbls

SALES REVENUE

$18.7M

▲ 78% from 2016

EBITDA

$1.1M

BRIDGEPORT

Annual oil production totalled 308,959 barrels (bbls), a 61% increase on the previous full year of 191,993 bbls, principally due to the October 2016 acquisition of Kenmore Bodalla and associated fields but also due to improved production performance at other principal assets. In five years Bridgeport has become the fourth largest producer in the Cooper Basin.

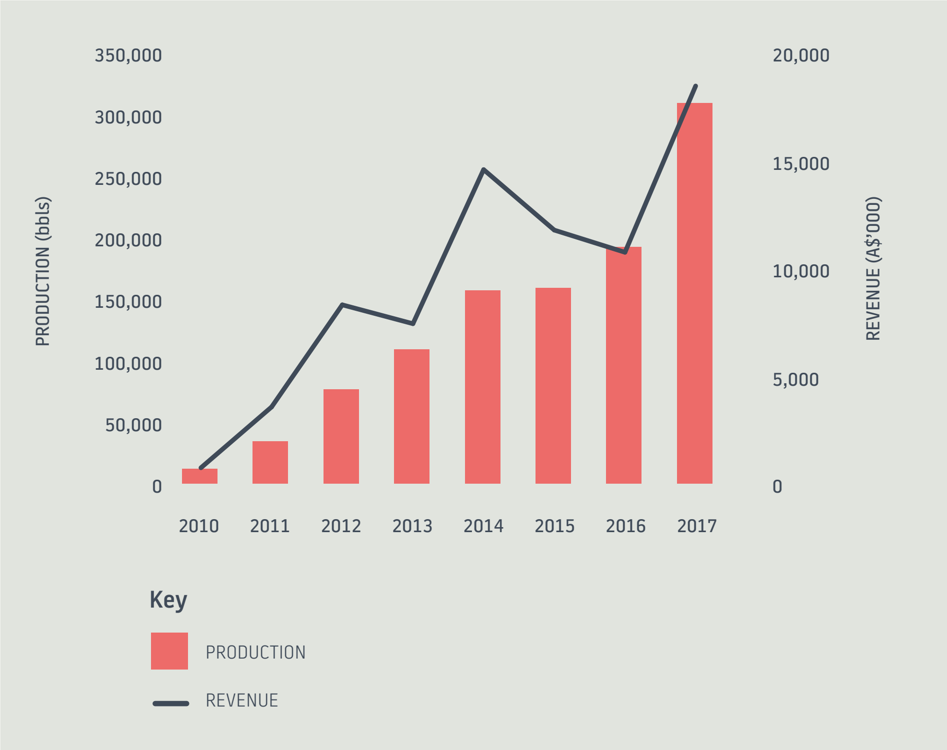
Sales revenue for the year was $18.7 million against $10.5 million for the prior year, an improvement of 78%. Bridgeport posted an EBITDA of $1.1 million. Realised oil sales prices averaged $65/bbl against the previous year of $57/bbl.

Key activities during 2017 included:

- Establishment of a production hub at the Kenmore oil field and progression of non-hub assets to not normally manned operations;
- Four Cuisinier non-operated wells completed and stimulated adding net 70 barrels of oil per day (bopd) to production;
- Drilling and casing of four development wells increasing production at the Utopia field by 100 bopd;
- 26 workovers across all producing assets which increased net production by 170 bopd;
- Progression of the technical feasibility of an enhanced oil recovery project for the Moonie field in the Surat Basin.

Bridgeport now manages over 140 wells across its ten operated production assets and is one of the most active operators in the Cooper Basin producing approximately 1,000 bopd.

BRIDGEPORT ENERGY GROUP PRODUCTION AND REVENUE



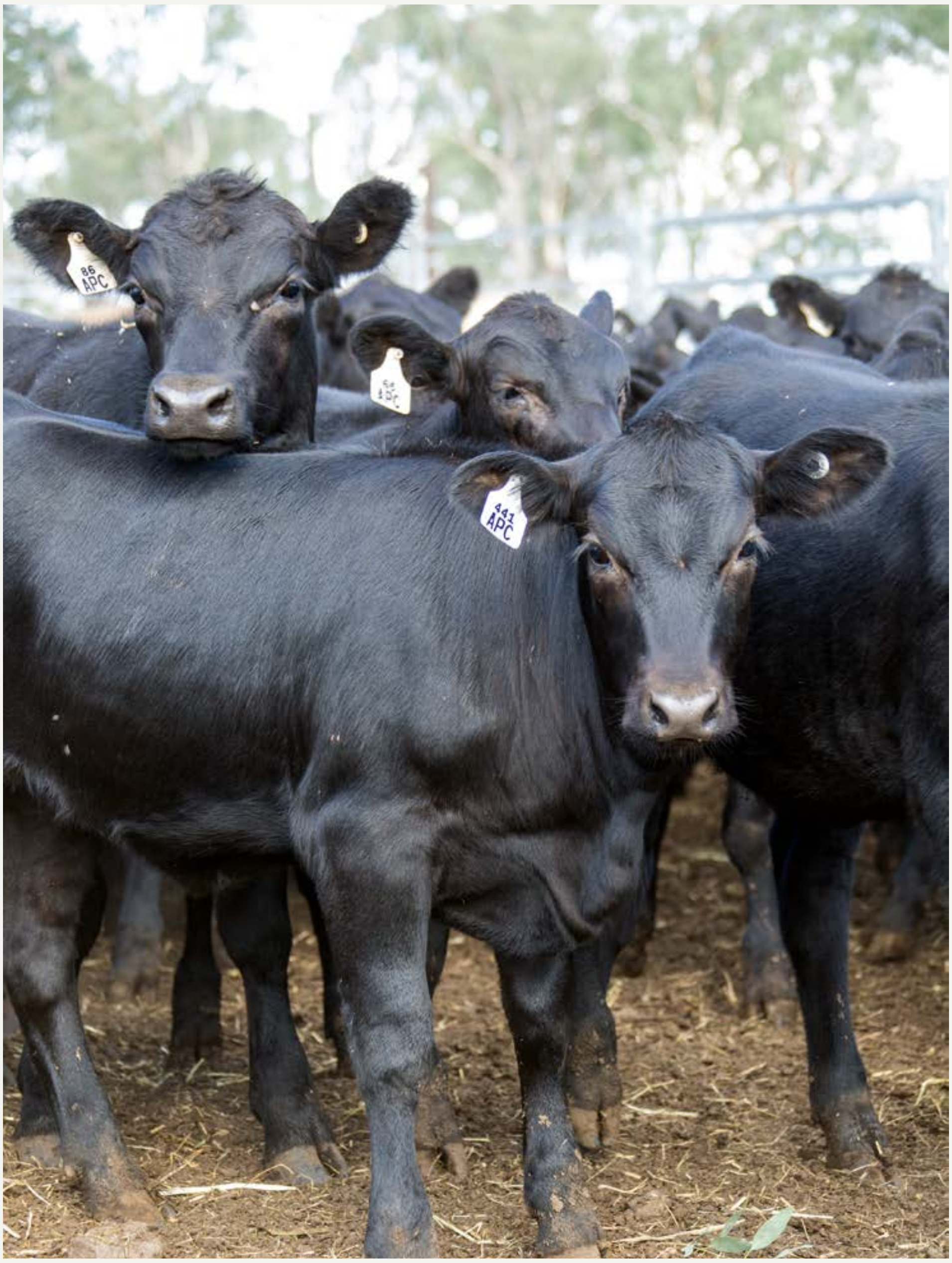
OPERATIONS
PASTORAL

PASTORAL OPERATIONS

Acland Pastoral Company Pty Ltd (Acland Pastoral) continued to grow a breeding herd throughout the year with sales of 1,088 head and purchases of 666 head resulting in total herd size of 2,932 at year end. The cropping operation continued with silage production to support the breeding operation.

Another 100 hectares (ha) of rehabilitation was fenced from the New Acland Mine ML and handed to pastoral operations for production and grazing activities. A further 15 kilometres of fencing was completed through the year as part of the water and wire capital project. This combined with the commencement of a long term weed and pest control program will boost grazing capacity for the Company with over 456ha of box thorn and pear sprayed and mulched during the year. Consolidation of 'leases' within the Acland Pastoral holdings will see an increase in land availability in future financial years.

The cattle grazing trial continued with a review of the overall strategy to be completed at the end of the 2018 financial year.



EXPLORATION & DEVELOPMENT
PROJECTS

TOTAL COAL RESOURCES

2,477Mt

During the year a review of all coal and mineral tenures was undertaken to ensure the portfolio remained aligned with the corporate strategy. This resulted in some relinquishments of tenure where there was no indication of economically viable resources or there were no foreseeable opportunities to develop the projects. All of the relinquished tenements were carried at nil carrying value. An active exploration program utilising the Company's own drill rigs was advanced during the past year. Exploration activities during 2017 focused on resource definition in and around the New Acland Mine and NAC03 area.

During the year 21,033 meters and 249 holes were drilled. This drilling focused on finalisation of the water bore monitoring program at New Acland Mine and better delineation of the coal structure and quality in the current and future mining areas.

The exploration team incurred no recordable injuries during the year and is currently over three years LTI free.

The current group Resources and Reserves are tabled below.

		COAL RESOURCES (MILLION TONNES) (COAL RESOURCES ARE INCLUSIVE OF THE RESERVES REPORTED BELOW)				
DEPOSIT	STATUS	INFERRED	INDICATED	MEASURED	2017 TOTAL	2016 TOTAL
New Acland [1,2]	Mine	23	189	303	515	424
Bengalla [1,3]	Mine	81	49	57	187	186
Lenton [1,4]	Exploration	208	104	68	380	380
Yamala [1,5]	Exploration	187	39	14	240	240
Colton	Exploration	60	16	-	76	76
Elimatta [1]	Exploration	73	105	108	286	286
Collingwood [1]	Exploration	94	139	43	276	276
Taroom	Exploration	126	149	158	433	433
Woori	Exploration	–	–	84	84	84
Ashford [6]	Exploration	–	–	–	–	13
Total		**852**	**790**	**835**	**2,477**	**2,398**

Notes on resources:

1 Denotes the Resource estimations that have been reviewed against and follow the 2012 JORC Code. All other Resource estimations will be reviewed against and then follow the 2012 JORC Code in due course.

2 Resources have mainly increased due to substantial drilling across the tenures combined with a reduction in basalt thickness along the basalt edges.

3 Figures shown are 100% of total resources. New Hope share is 40%. The Resource is exclusive of area covered by Reserves.

4 Figures shown are 100% of total resources. New Hope share is 90%.

5 Figures shown are 100% of total resources. New Hope share is 70%.

6 Figures shown are 100% of total resources. New Hope share is 50%

JORC DECLARATION – COAL RESOURCES

The estimates of coal resources herein have been prepared in accordance with the guidelines of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve – The JORC Code'. These resources are inclusive of the reserves reported in the Reserves Statement. The work has been undertaken internally and reviewed by Mr Patrick Tyrrell who is a Member of AusIMM. Mr Tyrrell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the relevant JORC Code. Mr Tyrrell consents to the inclusion in this report of the matter based on this information in the form and context in which it appears.

TOTAL COAL RESERVES

804Mt

		COAL RESERVES (MILLION TONNES)						
		RECOVERABLE RESERVES				MARKETABLE RESERVES[5]		
DEPOSIT	STATUS	PROBABLE	PROVED	TOTAL 2017	TOTAL 2016	PROBABLE	PROVED	TOTAL 2017
New Acland[1]	Mine	125	265	**390**	399	68	143	**211**
Lenton[2]	Exploration	12	23	**35**	35	7	14	**21**
Elimatta	Exploration	29	96	**125**	125	17	66	**83**
Colton[3]	Exploration	11	–	**11**	11	5	–	**5**
Bengalla[4]	Mine	106	137	**243**	253	na	na	**na**
Total		283	521	**804**	823	97	223	**320**

Notes on Reserves:

1 37Mt of Recoverable Reserves are located in the Far East deposit which could be influenced by strategic cropping land legislation.

2 Figures shown are 100% of total Reserves. New Hope share is 90%.

3 The financial model is based off a mine plan that has 85% of the scheduled tonnes at a Resource classification of Inferred status or lower.

4 Figures shown are 100% of total Reserves. New Hope share is 40%. The JORC report did not identify the Marketable Reserves.

5 Marketable Reserves are based on modelled washplant yields based off reconciled data for the operating mines, or simulated product yields for the exploration areas.

na not available.

JORC DECLARATION – COAL RESERVES

The information in this Coal Reserves Statement that relates to coal reserves for New Acland, Lenton, Colton and Elimatta is based on information compiled by Mr Brett Domrow, who is a Member of AusIMM. Mr Domrow is a full time employee of the Company. The information in this Coal Reserves Statement that relates to coal reserves for Bengalla is based on information compiled by Tony O'Connell, who is a Member of the AusIMM. Mr O'Connell is a consultant working with Optimal Mining Solutions Pty Ltd. Mr Domrow and Mr O'Connell have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the relevant 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Domrow and Mr O'Connell consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Details of the 2017 exploration program and development projects including approvals are as follows:

NEW ACLAND

The drilling program consisted of 28 water monitoring bore holes, 144 open holes and 77 core holes totalling 21,033 meters. This allowed improved resource definition for the current operation and the NAC03 project. A gravity survey was completed to assist with basalt delineation and reduce drilling requirements.

A further relinquishment program of non-prospective tenure across the Darling Downs and the West Moreton Regions has commenced.

BENGALLA

Work continued on the geological model. The structural component of the geological model is complete and the quality component is underway. Calculation of fugitive emissions and JORC reporting was completed during the year.

EXPLORATION & DEVELOPMENT
PROJECTS

COAL EXPLORATION

COLTON

Exploration focused on coal seam correlation across the deposit. On completion of the coal seam correlation work the area will be remodelled and geostatistics will be undertaken to provide the necessary data for reporting under the 2012 JORC Code.

A Land Court determination was handed down on 17 November 2016, recommending the grant of Colton's MLs. MLs were granted on 30 April 2017, including the associated EA. With all primary approvals now in place, the Company is now in a position to study options around development timing and methodology with a view to making a final investment decision.

NORTH SURAT

The North Surat Project Pre-Feasibility Study progressed to advance the opportunities identified in the concept study. The Elimatta ML application is nearing completion with the final statutory requirements in progress.

NEW LENTON

There has been no drilling or on-site exploration work completed at New Lenton over the last financial year. Work efforts have involved refining the mine schedule to develop more detailed plans around the sequencing of the deposit. The focus for New Lenton has been securing an AWL and Federal *Environment Protection and Biodiversity Conservation Act 1999* referral for the existing ML. This has involved on-site groundwater monitoring, as well as ecology studies.

Subsequent to year end, the Lenton Joint Venture has entered into a conditional agreement to acquire certain assets of the Burton Mine in central Queensland which is adjacent to the New Lenton project. The purchase will include $14 million cash consideration and the assumption of a rehabilitation liability associated with the assets to be acquired, which include four mining tenements and related site infrastructure. The transaction is conditional on a number of regulatory and other requirements with completion expected to take place early 2018.

BEE CREEK

Work was focused on land access ahead of the 2018 2-D seismic exploration program. This survey will target the Rangal Coal Measures sub-cropping on the western edge of the Hail Creek Syncline.

OIL EXPLORATION – COOPER BASIN

Key oil exploration activities for the 2017 year included:

- Granting Potential Commercial Areas (PCAs) over high-graded sections of Barcoo and Barcoo Junction Blocks;
- Preparations to lodge a PCA application over retained area of ATP 794 following successful drilling results at the Obelix-1 exploration well;
- Successful application for three new exploration tenements in the Cooper Basin proximal to existing production centres; and
- Farm-out of 50% of the PEL 630 tenement in South Australia to Beach Energy on favourable terms.

PEL 630 – (50% owned – Beach operated) two exploration wells were drilled in the western block of this tenement following farm-out of 50% interest in the permit to Beach Energy. Both wells were dry at the primary Namur target, however, hydrocarbon shows were encountered at the deeper Birkhead level in the first well. The joint venture is planning to drill two wells targeting natural gas in the eastern block of PEL 630 in the first half of 2018.

Barcoo and Barcoo Junction (88% and 65%) – one exploration well was drilled in this tenement south of the Jundah township. The well encountered potentially moveable oil in the lower Birkhead-Hutton clastic section and potential wet gas in the shallower Toolebuc Shale section. The well was extensively logged and then cased and suspended for further evaluation. The core part of the ATP 794 tenement is being progressed to a PCA application to reserve tenure.

NEW HOPE GROUP
OUTLOOK

During the past year the decision to acquire a 40% interest in the Bengalla Coal Mine in the Hunter Valley of New South Wales was confirmed by the combination of the mine producing close to expectations and the coal price improving significantly. New Hope's 40% share of Bengalla resulted in an additional 3.4 million tonnes of sales for the past year during a period of strong thermal coal prices. It is anticipated that both mine safety and production performance will continue to improve over the course of the 2018 financial year as the results of current productivity and safety improvement initiatives are realised.

Queensland operations at New Acland and Jeebropilly produced 5.2 million tonnes for the year and this level of production is expected to continue during the current financial year. Sales performance for the year of 5.1 million tonnes was impacted by logistical delays caused by an incident at the QBH ship loader which occurred during November/December 2016. Sales during the current financial year would be expected to match production. Both Queensland operations won industry recognition through awards for their training and health and wellness programs during the year and safety performance improved across all operations. The QBH and Exploration teams continued to extend their record of lost time injury free high productivity operation.

During May 2017 the Queensland Land Court recommended that the ML and associated EA amendment for NAC03 not be granted. The Company has decided to commence Judicial Review proceedings of this decision in the Queensland Supreme Court. The Queensland Minister for Natural Resources and Mines and the Chief Executive of the Queensland DEHP are the final decision makers. They will consider all relevant matters in making their decisions regarding the grant of the MLs and EA amendment. These approvals and an AWL will be required for the project to proceed.

New Acland Mine employs several hundred people and many more people are employed by south east Queensland businesses which rely on New Acland to supply their energy needs. New Hope remains committed to delivering the NAC03 project and will actively progress this project through the final stages of approval. We look forward to the Queensland Government's timely and favourable decision regarding the future of this operation.

New Hope has a suite of undeveloped open cut coal projects including the New Lenton, Colton and North Surat projects. Colton received its ML during the past financial year. It is expected that significant progress will occur during the next financial year in progressing these projects closer towards production. New Hope continues to evaluate open cut thermal and metallurgical coal acquisition opportunities as the Company has the people, technical experience and Balance Sheet capability to expand production under management over the next few years.

Bridgeport increased its production significantly during the past year and achieved a positive EBITDA during a period of challenging oil prices. Bridgeport has many growth options including the potential for an enhanced oil recovery project at the Moonie oil field and the potential to explore for gas within existing tenements.

Newcastle benchmark spot thermal coal prices have recently exceeded US$100 per tonne however forward markets are indicating that this level of pricing is not likely to be sustained. Actions taken by the Chinese government in managing domestic coal supply is having a positive impact upon Chinese domestic thermal coal prices. These prices are influential throughout Asia. Demand for high quality Australian thermal coal into Asian markets continues to grow. Major thermal coal markets of Japan, Taiwan, Korea and China continue to build new HELE coal fired power plants as part of their electricity supply. A new wave of HELE coal fired power plants are planned or under construction in southern Asia. Indonesia's ability to continue to grow exports will decline as more of its coal production is retained for domestic use.

As ownership of the thermal coal industry in Australia continues to be rationalised, end users are becoming concerned about concentration of supply. New Hope, as an independent Australian controlled coal producer, has a growth strategy aligned to service the growing needs of electricity producers in the growth markets of Asia.

SUSTAINABILITY
REPORT

At New Hope, we view the importance of conducting business in a sustainable manner as crucial to maintaining our social license to operate and ability to generate strong financial returns. As a partner in the communities in which we operate we are committed to investing in local and regional communities, minimising impacts to the natural environment and promoting the health and wellbeing of our people.

Aligned with our business strategy and values, we strive to drive sustainability by:

- Reinforcing our Core Values driven approach aligned to Integrity, Respect, Accountability, Safety, Resilience and Success; across our business, our operations and through our active procurement decisions;
- Proactively engaging with our communities and traditional owners to identify, understand and respond to risks and opportunities;
- Delivering sustainable value through innovation across all aspects of our operations;
- Minimising the environmental and social impacts of our operations, managing and protecting biodiversity and where possible promoting conservation; and
- Supporting our employees to be their healthiest and happiest selves.

Stakeholder Engagement

As a large employer and procurer of services in regional areas across Australia, we recognise that our activities interplay with a wide, and often diverse range of interests for surrounding stakeholder groups. Facilitating open and frequent engagement with our key stakeholder groups continues to be a core part of our business practices. We work with local landholders, communities, traditional owners, governments, regulators and other stakeholders to ensure communities are supported, and that concerns are proactively heard and consistently responded to.

Our focus on stakeholder engagement is further reinforced by requirements imposed by the Coordinator General in relation to our proposed NAC03 project to develop six monthly Social Impact Management Reports.

Across each stakeholder group, we have identified modes and frequency of engagement to ensure continued engagement; and plan to be proactive across these key areas of interest.

Community Investment

Having operated across regional areas of Australia in excess of 65 years, we are acutely aware of the importance of giving back and strengthening the communities in which we operate. We understand that while the life of our operations may be finite, we have the potential to positively impact the surrounding communities both in the short and long term.

Over recent years, we have undergone a process to review our strategy towards community investment. While we continue to support local community groups and charities, our strategy has become increasingly focused on aligning our community partnerships with our core skills and capabilities as a mining company. We recognise that local communities stand to benefit from learning from our leading Safety, Health and Wellbeing practices and technical mining expertise.

CASE STUDY

RENEWED PARTNERSHIP WITH LIFEFLIGHT

We are a longstanding supporter of unlocking opportunities to give back to the community. Where possible, we invest in supporting the skills, competencies and abilities of the community.

In partnership with LifeFlight, we sought to improve medical services and outcomes in rural areas. Our long term partnership with LifeFlight continues to fund emergency aeromedical services for the Darling Downs community and this year a new two-year 'Rural Safety Project' is delivering rural safety education workshops to local landholders. Leveraging the teaching and mentorship of our specialists, the project enables the sustainable transfer of skills in areas such as machinery and equipment safety and basic medical first response techniques. Future workshops will focus on working safely with animals and nature; dealing with stress and difficult times; personal and family safety; vehicle safety and safety for rural youth.

CASE STUDY

INDUSTRY SKILLS PROGRAM

To ensure we have a local community that is strengthened in the long term with the right people and right skills, we are continuing to deliver our industry skills program to schools.

In partnership with the Queensland Minerals and Energy Academy, the program assists students who may be interested in science, technology, engineering and mathematics (STEM) to break into careers like mechanics, engineering and environmental science. The program is currently being delivered at Oakey State High School, where our employees speak to students about their careers, engendering awareness of the variety of STEM related careers available in their local areas. With a long term focus, the aim is to increase understanding, awareness and ultimately, to add local talent on our growing projects.

CASE STUDY

COMMUNITY INVESTMENT FUND

In addition to New Hope's Community Sponsorship and Donation Program, the Community Investment Fund assists community groups and organisations develop positive community outcomes. Community groups and organisations within the Toowoomba region are eligible to apply for grants of $10,000 or more under the Fund. Funding decisions are informed by recommendations from a diverse group of local representatives, including landholders, health professionals, Indigenous leaders, environmental professionals, educators, local businesses and farmers.

Commitment to Local Procurement

To support the delivery of our services, we focus on working with local suppliers to maximise socio-economic benefits and deliver social returns back to the community. Our local procurement policies support suppliers close to our operations. New Hope representatives also engage with prospective local suppliers at community events and information sessions. We recently hosted an information session at the New Hope Information Centre in Oakey to share developments and plans across our projects. In this way, we are able to build a sustainable value chain that has the greatest positive impact.

We have a preferred supplier network which is used directly by the business. It is also utilised by contractors in sourcing labour and suppliers.

Through contractual arrangements with suppliers of goods and services the Company aims to ensure that all suppliers adhere to New Hope's high standards, which are articulated in New Hope's Code of Conduct and other key corporate governance policies.

Our People

Our employees are key to our success. We strive to create an environment where employees have a sense of purpose and the opportunity to reach their aspirations. A key part of this is engendering a culture that reflects our Core Values of Integrity, Respect, Accountability, Safety, Resilience and Success; and promoting training and development, diversity and inclusion, as well as safety and wellbeing.

We recognise that career development is a critical motivator of work. We grow talent by educating and training employees across different aspects of work. This has involved providing employees with the opportunity to complete best practice education and training through a combination of face to face, practical and e-learning approaches. This year, we have provided real life scenario training at the mine sites utilising equipment that employees use every day in their work. This has equipped employees with tangible skills which can be applied both inside and outside of work.

CASE STUDY

CASE STUDY: SILVER SPONSOR OF THE QUEENSLAND RESOURCES COUNCIL WOMEN IN MINING AND RESOURCES QUEENSLAND MENTORING PROGRAM

As a Silver Sponsor of the Queensland Resources Council Women in Mining and Resources Queensland Mentoring Program, seven of New Hope's Senior Leaders have volunteered and been nominated as Mentors in the 2017 program, which presents a great opportunity for leaders to share their wealth of experience in working in the mining industry.

CASE STUDY

CERTIFICATE 3 IN SURFACE MINE OPERATIONS

New Hope invests heavily in skills development training programs. Over the past two years nearly 200 people employed in our Coal Operations have attained, or are working toward, a Certificate 3 in Surface Mine Extraction. This is significant commitment but New Hope recognises that highly trained and skilled employees are safe and productive. We view skills development and training as an investment that is returned many times over.

Our skills development initiatives have been recognised by the Queensland State Government with New Acland Mine being named as finalists in the State Training Awards (Darling Downs South West region) in three different award categories:

- Vocational Student of the Year
- VET Teacher or Trainer of the Year
- Large Employer of the Year.

Our Jeebropilly Mine was named 2017 Medium Employer of the Year for the Metropolitan region.

SUSTAINABILITY REPORT

LIVE WELL,
WORK WELL

Safe Operations and Healthy Workforce

We strive to ensure that our people are fit for work and remain free from work-related injury and illness. Our aim is to create a culture where employees feel supported to be their healthiest and happiest selves. We developed the **Live Well, Work Well** health and wellness program to better people's health and wellbeing – a program which is driven by our employees and sponsored by management.

In line with this, we are actively working with our people around the three pillars of person, environment and practices. Some examples of these pillars in action are outlined below:

- **Person** – monthly health promotion and instruction sessions are delivered at Toolbox talks. Each element of the program is delivered by different health and wellness professionals including physiotherapists, financial planners, psychologists and dieticians.
- **Environment** – provision of high tables and exercise bikes at crib huts for machine operators to be able to stand and/or exercise while they have their crib breaks.
- **Practices** – prestart stretch and activate sessions. The sessions are led by stretch leaders from each crew who have been trained to lead the sessions by a physiotherapist.

77.5%
of employees think the program works

Our annual health program survey at New Acland Mine demonstrated that 77.5% of employees thought that the program had made a positive change to their health.

Ongoing Success in Health and Wellness - Outstanding results have been recognised at a State, National and industry level including:

- **2015** Queensland Safe Work and Return to Work Award.
- **2016** Australian Mines and Metals Association Health and Wellbeing Award.
- **2017** Queensland Mining Industry Health and Safety Conference Best Health Program Award.

Protecting the Environment

New Hope is committed to managing our impacts on the natural environment through environmentally responsible and effective business practices.

Key environmental issues across our operations include:

- **Water management**
  - New Acland Mine has minimised its impact on the groundwater system by, in 2009, building a 47 kilometre pipeline to receive recycled water from Toowoomba's Wetalla Waste Water Treatment facility for its operations. This agreement for the supply of recycled water now supports mining activity, with only a minimal reliance on bore water for ablution purposes (drinking water, showers etc.).
  - Variable frequency pumps are being used in the coal preparation plant to control water consumption in a more efficient and proactive manner.
  - Over the FY2017 period, a number of water pipelines across the site were replaced with larger diameter pipes to further improve water efficiency.
- **Energy consumption and emissions**
  - In accordance with the National Greenhouse and Energy Reporting legislation, we report on emissions, energy consumption and energy production to the Clean Energy Regulator.
  - New Hope continually identifies opportunities to reduce both energy usage and emissions intensity across operations.

- Key initiatives undertaken during FY2017 include the trial of the dual fueled rear dump truck at New Acland, which aims to reduce diesel particulate matter (DPM) and emissions by greater than 60%. Based on initial results from the trial, duty cycle of the gas operation has averaged above 65% representing the equivalent in DPM and emission reduction.
- Transparent annual reporting under the National Pollutant Inventory reporting legislation.

- **Air quality and noise**
  - New Acland undertakes continuous air quality monitoring at its rail loadout facility near Jondaryan and publishes the results on a monthly basis on its website.
  - Installation of noise attenuation on mobile fleet to reduce sound power levels emitted by machines.
  - Proactive air quality monitoring at sites located at QBH on its port facility's boundary and between its port facility and the suburb of Wynnum North. Results are published online.
  - New Acland Mine has installed electric horns on machinery and is trialling an upgraded state-of-the-art muffler system on trucks with the aim of further reducing noise.
- **Land management and biodiversity**
  - New Hope is committed to the rehabilitation of disturbed land with progressive rehabilitation occurring right behind the mining activities at New Acland Mine.
  - Acland Pastoral was established in 2006 as a farming, grazing and land management enterprise based at New Acland Mine. Acland Pastoral has landholdings of approximately 11,000 ha around New Acland Mine on which it runs approximately 3,000 head of cattle. Acland Pastoral also conducts various cropping projects on land around the mine, some of which are irrigated using recycled water from the Toowoomba Wetalla Waste Water Treatment facility. Acland Pastoral is an active member of Agforce.
  - For several years New Hope has conducted a weed management program across its Acland Pastoral land surrounding New Acland Mine. This program has involved an innovative mechanical mulching technique to effectively remove woody weeds such as tree pear and box thorn. The pulp left behind by the mechanical mulcher is fed on by Acland Pastoral cattle. To date approximately 527 ha of weed infested land has been treated.
  - Over the last three to four years New Acland initiated a tree planting program aimed at linking wildlife habitat, promoting conservation of biodiversity in riparian areas and screen planting to minimise visual impacts on neighbouring landholders.
- **Tailings**
  - All tailings storage facilities are subject to an annual inspections regime conducted by a Registered Professional Engineer of Queensland (RPEQ).
  - Management plans are in place to ensure all risks are appropriately managed, including the appropriateness of key controls in place.
  - As part of the management plans, quarterly inspections are conducted over tailings storage facilities.
  - Proactive management of legacy hazardous waste in decommissioned cells.

CASE STUDY

HIGH DENSITY COMPRESSED NATURAL GAS TRUCK

This trial is an example of the innovation that can be implemented at mines to reduce the emissions, vibrations and noise levels stemming from vehicle usage.

Developed by Mine Energy Solutions, the New Acland Mine is currently trialling a high density compressed natural gas truck. The truck uses sequential gas injection for the conversion of high horsepower diesel engines from 100% diesel to dual fuel operation, using natural gas as the dominant fuel. This has resulted in significant cost savings, as well as reductions in vibration and noise levels compared to standard mining industry trucks. Notably, the new technology has been developed to support a full work shift of up to 12 hours, minimising the impact the trial could have on the mine's productivity. The truck has been onsite at New Acland since early August 2016 and was fully operational as at December 2016. A natural gas refueling station has also been installed at New Acland Mine to support the 18 month trial.

CASE STUDY

REPURPOSING SORTING TECHNOLOGY TO STREAMLINE PROCESSES

New Acland Mine is currently testing a streamlined way for sorting and processing coal in a sorting unit in Melbourne at a Steinert Australia testing facility. New Acland is the first ever Australian coal mine to trial this technology. If proved to be successful, the technology could potentially be brought to New Acland Mine next year.

Using X-ray and high pressure air jets to eject reject material from raw coal before it enters the washplant, the technology enables raw coal to be 'sorted' before it enters the washplant. Commonly used to process mineral ore, we repurposed the sorting technology to apply to our coal processing plant. By sending coal through the sorter first, the washplant would be doing less work getting rid of reject, and more work processing product coal. This will mean higher quality raw coal through the washplant, which in turn means higher yield.

CASE STUDY

NEW ACLAND CATTLE GRAZING TRIALS

Acland Pastoral is currently in its fifth year of scientific grazing trials looking at livestock production performance on rehabilitated land. The trial includes livestock, pasture and soil monitoring and focuses on measuring the productivity, economic viability and sustainability of beef production on previously mined land.

This industry leading work is conducted in partnership with independent agricultural consultants Outcross Agri-Services, the University of Southern Queensland's National Centre for Engineering in Agriculture Sustainable Soils unit (USQ), pasture specialists EcoRich Grazing and supported by expert veterinarian and statistician advice. Results to date have shown that, on average, performance from cattle grazing the rehabilitated pastures was comparable or exceeded the performance of the control (unmined) site with an average gain of 0.7kg/day and producing 103kg beef per hectare. Data and results from the trial are being used to improve the way in which New Hope conducts rehabilitation. As a result of information provided by the trials about root zone activity, and the ability of pasture species to send roots down into fissure and cracks in the interburden, New Hope rehabilitation processes now recognise that the interburden layer below the topsoil can also play an important role in supporting plant growth post mining activity. As a consequence, prior to the deposition of topsoil, the surface of the interburden layer is now ripped with machinery to provide the rock fracturing and fissures that can be exploited by plant root systems. The ability to support deeper root systems in turn assists pasture plant species to be more tolerant of dry conditions, and to therefore provide better pasture performance in drier times. In addition, the detailed data gathered by the trials is assisting Acland Pastoral to determine optimum grazing regimes for rehabilitated grazing lands, including rotation times and rest periods.

Financial Summary

	2017 $000	2016 $000	2015 $000	2014 $000
Total revenue	**844,077**	531,459	505,781	548,959
Profit before tax (before non regular items)	**184,335**	6,116	71,578	53,665
Profit after tax (before non regular items)	**128,713**	5,029	51,749	41,490
Profit/(loss) before tax	**202,213**	(74,112)	(24,709)	71,047
Tax benefit/(expense)	**(61,594)**	20,432	2,888	(12,598)
Profit/(loss) after tax	**140,619**	(53,680)	(21,821)	58,449
Loss attributable to minority interests	**(1)**	(1)	(1)	(1)
Net profit/(loss) attributable to NHCL members	**140,620**	(53,679)	(21,820)	58,450
Total assets employed	**2,181,645**	2,018,549	2,075,158	2,185,842
Shareholders'funds	**1,853,428**	1,750,412	1,852,625	1,973,859
Dividends paid during the financial year	**49,864**	66,484	78,944	132,928

	2017	2016	2015	2014
Weighted average shares on issue	**831,067,979**	831,050,306	830,999,449	830,836,913
Net profit/(loss) attributable to NHCL members (as a % of shareholders'funds)	**7.6%**	-3.1%	-1.2%	3.0%
Earnings per share before non regulars (cents)	**15.4**	0.6	6.2	5.0
Earnings/(loss) per share (cents)	**16.9**	(6.5)	(2.6)	7.0
Normal dividends per share (cents)	**10.0**	4.0	6.5	8.0
Special dividends per share (cents)	**–**	–	3.5	3.5
Net tangible asset backing per share (cents)	**215.9**	203.5	220.6	234.6

Directors' report

for the year ended 31 July 2017

DIRECTORS

The following persons were Directors of New Hope Corporation Limited during the whole of the financial year and up to the date of this report:

Mr R.D. Millner
Mr T.J. Barlow
Mr W.H. Grant
Mr T.C. Millner
Ms S.J. Palmer
Mr I.M. Williams
Mr S.O. Stephan

CONSOLIDATED RESULTS

	2017 $000	2016 $000	% CHANGE
Revenue from operations	**844,077**	531,459	'59%
Profit before income tax (before non regular items)[1]	**184,335**	6,116	'2,914%
Recovery of prior period below rail access charge	**19,908**	–	
Impairment of available for sale financial assets	**(2,030)**	(4,978)	
Land access compensation	**–**	5,000	
Acquisition costs expensed	**–**	(52,104)	
Impairment of oil producing assets	**–**	(15,029)	
Impairment of oil exploration assets	**–**	(13,117)	
Profit/(loss) before income tax (after non regular items)	**202,213**	(74,112)	'373%
Profit after income tax (before non regular items)[1]	**128,713**	5,029	'2,459%
Recovery of prior period below rail access charge	**13,936**	–	
Impairment of available for sale financial assets	**(2,030)**	(4,978)	
Land access compensation	**–**	5,000	
Acquisition costs expensed	**–**	(36,473)	
Impairment of oil producing assets	**–**	(10,520)	
Impairment of oil exploration assets	**–**	(8,388)	
Petroleum resource rent tax (derecognition due to recoverability)	**–**	(3,350)	
Profit/(loss) after income tax (after non regular items)	**140,619**	(53,680)	'362%
Non-controlling interests	**(1)**	(1)	
Profit/(loss) attributable to New Hope Shareholders	**140,620**	(53,679)	
Basic earnings per share (cents) (before non regular items)[1]	**15.4**	0.6	'2,467%
Recovery of prior period below rail access charge	**1.7**	–	
Impairment of available for sale financial assets	**(0.2)**	(0.6)	
Land access compensation	**–**	0.6	
Acquisition costs expensed	**–**	(4.4)	
Impairment of oil producing assets	**–**	(1.3)	
Impairment of oil exploration assets	**–**	(1.0)	
Petroleum resource rent tax (derecognition due to recoverability)	**–**	(0.4)	
Basic earnings/(loss) per share (cents) (after non regular items)	**16.9**	(6.5)	'360%

1 The profit before non regular items and the earnings per share before non regular items contained within this Directors' Report have not been audited in accordance with Australian Auditing Standards.

Directors' report

for the year ended 31 July 2017

PRINCIPAL ACTIVITIES

The principal activities of the New Hope Corporation Limited and controlled entities (the Group) consisted of:

- Coal mining – exploration, development, production and processing in Queensland and New South Wales;
- Marketing and logistics;
- Agriculture;
- Oil and gas – exploration, development, production and processing; and
- Investments.

	$000
Dividends paid to members during the financial year were:	
A final dividend for the year ended 31 July 2016 of 2.0 cents per share paid on 1 November 2016	16,621
An interim dividend for the year ended 31 July 2017 of 4.0 cents per share paid on 3 May 2017	33,243

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 6.0 cents per share. This dividend is fully franked, to be paid on 7 November 2017 out of retained profits at 31 July 2017 with the record date for such dividend to be 24 October 2017. This will provide shareholders of New Hope with total dividends for the year of 10.0 cents per share (4.0 cents interim) compared with total dividends for the 2016 year of 4.0 cents per share.

OPERATING AND FINANCIAL REVIEW

A review of the Group's operations during the year and the results of those operations is set on pages 6 to 15 of this Annual Report. These pages also deal with the Group's operations, financial position and prospects for future financial years.

RISK MANAGEMENT

The operations of the Company span a number of industries and geographical locations, all of which are subject to specific risks.

The Company has a robust and well documented risk management framework which is overseen by the Board of Directors and embedded into all levels of the organisation. The framework assists the organisation to identify, classify, document, manage and report on the risks facing the Company. Each identified risk is tracked in a risk register and allocated to an accountable individual who is discharged with managing and reporting on the risk. Maintenance of the risk register has been delegated to the Risk Manager and Internal Auditor.

The perceived likelihood and potential consequence of each risk are used to determine the risk level, which in turn determines the actions required to manage the risk and reporting obligations. The risk management framework requires that all significant risks have a specific documented action plan, and that updates are provided to the Board of Directors on a periodic basis.

A summary of the significant risks facing the entity include the following:

SAFETY

The nature of the Company's operations comes with an inherent risk of accidents which have the potential to cause harm to individuals. These risks are proactively managed using comprehensive safety management systems as well as a continual focus on a strong safety culture.

SOCIAL LICENSE

A number of stakeholders have an interest in the impact our operations have on the surrounding environment and the communities in which we operate. In addition, the Company is subject to stringent regulation and reporting obligations spanning multiple government jurisdictions and departments.

Failure to adequately acknowledge and address the interests of these stakeholders could negatively impact the operations of the Company and potentially result in an inability to secure, maintain or renew the regulatory approvals required to continue the operations of the Company. The Company engages appropriately qualified experts to both manage the underlying risks and to engage proactively with stakeholder groups. The Company also utilises a variety of systems to manage and report upon the Company's performance against those obligations.

NAC03 APPROVALS

The Company is currently in the process of securing approvals for the NAC03 expansion. Timing of these approvals is critical to ensure operations continue beyond Stage 2 as reserves on the existing lease are depleted.

PROJECT DEVELOPMENT

The Company is actively pursuing growth through both developments of existing assets and the acquisition of complimentary assets. Such activities will ultimately require the deployment of significant capital. To ensure that capital is deployed in an optimal manner, the Company undertakes rigorous and well document due diligence using a mix of internal and external subject matter experts prior to making any investment decisions. All significant project development and acquisition transactions require approval from the Board of Directors.

BENGALLA JOINT VENTURE

The Bengalla Mine faces many of the same risks as the New Acland and Jeebropilly mining operations. Bengalla Mine management is charged with discharging these duties day to day but the Company provides oversight and governance via participation in the Bengalla Joint Venture management committee and by monitoring operational performance.

FAILURE OF INFRASTRUCTURE

The Company is highly dependent upon the availability and effectiveness of key infrastructure in order to produce and bring products to market. The Company undertakes timely and effective preventative maintenance as well as regular third party inspections of key infrastructure to minimise the risk of unforeseen failure.

MARKET FORCES

The Group's activities expose it to a variety of financial risks including but not limited to commodity price risk and foreign currency risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

INSURANCE OF OFFICERS

In accordance with the provisions of the *Corporations Act 2001*, the Company has a Directors' and Officers' Liability policy covering Directors and Officers of the Group. The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE CORPORATION

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Corporation, or to intervene in any proceedings to which the Corporation is a party, for the purpose of taking responsibility on behalf of the Corporation for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Corporation with leave of the Court under section 237 of the *Corporations Act 2001*.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Except as disclosed in the review of operations, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the parent entity, to affect substantially the operations or results of the consolidated entity in subsequent financial years.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year no matters or circumstances not referred to elsewhere in this report have arisen that have or will significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The activities of the consolidated entity in the next financial year are expected to be similar to those of the financial year just ended.

The consolidated entity will continue to pursue a policy of increasing its strength in its major business sectors including the development and operation of additional mineral resource projects in Australia and is regularly reviewing potential new opportunities.

The Group will disclose further information on likely developments in the operations of the consolidated entity and the expected results of operations as appropriate. However, Directors are mindful that premature release of information may be prejudicial to the best interests of the Company and its shareholders.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance statement can be accessed on New Hope Corporation website at: www.newhopegroup.com.au/content/investors/corporate-governance

WORK PLACE COMPLIANCE

The Company has complied with the Workplace Gender Equality Act 2012 and has lodged its report with the Workplace Gender Equality Agency. The report can be accessed on the New Hope Corporation website at:
www.newhopegroup.com.au/content/investors/corporate-governance

ENVIRONMENTAL COMPLIANCE

During the 2017 financial year, the Group has not been prosecuted for any breach of environmental laws.

ENVIRONMENTAL PERFORMANCE

The majority of the Company's operations which include coal mining operations and exploration tenements, the Jondaryan rail loadout facility, the QBH coal export port facility and oil and gas operations are in Queensland.

The key pieces of environmental legislation are the Queensland: the *Environmental Protection Act 1994*, the *Water Act 2000* and the *Nature Conservation Act 1992* as well as the *Commonwealth Environmental Protection and Biodiversity Conservation Act 1999*.

The Company's operations have proactively undertaken initiatives to improve their environmental performance.

ENVIRONMENTAL SYSTEMS

During the 2017 financial year the Group adhered to its Environmental policy aligned with the requirements of the ISO 14001 standard and the Group's operations have continued improvement of the Environmental Management System (EMS). The EMS enables the Company to effectively manage its environmental performance by increasing environmental awareness, optimising operational control, monitoring compliance and facilitating continuous improvement.

ENVIRONMENTAL REPORTING

The Group's operational sites have submitted reports under the National Pollutant Inventory program.

For the purposes of National Greenhouse and Energy Reporting the Company reports as part of the corporate group of Washington H. Soul Pattinson and Company Limited (WHSP).

Directors' report

for the year ended 31 July 2017

INFORMATION ON DIRECTORS

MR R.D. MILLNER (NON-EXECUTIVE CHAIRMAN)

EXPERIENCE

Mr Millner is Chairman of the Company's holding company, Washington H. Soul Pattinson and Company Limited. Mr Millner joined the Board of New Hope Corporation Limited on 1 December 1995 and was appointed Chairman in 1998.

OTHER CURRENT LISTED DIRECTORSHIPS

Washington H. Soul Pattinson and Company Limited	Appointed 1984	Chairman since 1998
Apex Healthcare Berhad	Appointed 2000	
Australian Pharmaceutical Industries Limited	Appointed 2000	
BKI Investment Company Limited	Appointed 2003	Chairman since 2003
Brickworks Limited	Appointed 1997	Chairman since 1999
Milton Corporation Limited	Appointed 1998	Chairman since 2002
TPG Telecom Limited	Appointed 2000	

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Chairman of the Board

INTERESTS IN SHARES AND OPTIONS

3,925,829 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

MR T.J. BARLOW – BBUS, LLB (NON-EXECUTIVE DIRECTOR)

EXPERIENCE

Mr Barlow joined the Board of New Hope Corporation Limited on 22 April 2015. He is the Managing Director of Washington H. Soul Pattinson and Company Limited. Prior to that role Mr Barlow was the Managing Director of Pitt Capital Partners for eight years. He has extensive experience in corporate finance across a range of industries.

OTHER CURRENT LISTED DIRECTORSHIPS

Washington H. Soul Pattinson and Company Limited	Appointed 2015
TPI Enterprises Limited	Appointed 2015

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

PM Capital Asian Opportunities Fund Limited	Resigned 2017

SPECIAL RESPONSIBILITIES

Chair of the Nomination Committee and Member of the Remuneration Committee and Audit Committee

INTERESTS IN SHARES AND OPTIONS

19,900 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

INFORMATION ON DIRECTORS (CONTINUED)

MR W.H. GRANT – OAM, FAICD, ALGA (NON-EXECUTIVE DIRECTOR)

EXPERIENCE

Mr Grant has over 35 years experience in project management, corporate and fiscal governance, local government administration and strategic planning. He joined the Board of New Hope Corporation Limited on 25 May 2006. Mr Grant was the CEO of South Bank Corporation in Brisbane from 1997 to 2005 and General Manager/CEO of the Newcastle City Council from 1992 to 1997. He retired as Chairman of Brisbane Airport Corporation in May 2017 after almost 10 years.

OTHER CURRENT LISTED DIRECTORSHIPS

Nil

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Chairman of the Remuneration Committee and Member of the Nomination Committee and Audit Committee

INTERESTS IN SHARES AND OPTIONS

30,000 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

MR T.C. MILLNER (NON-EXECUTIVE DIRECTOR)

EXPERIENCE

Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015. He is Director and Co-Portfolio Manager of Contact Asset Management Limited, manager of Listed Investment Companies BKI Investments Company Limited (BKI.ASX) and URB Investments Limited (URB.ASX). He is also a non-executive Director of Washington H. Soul Pattinson and Company Limited. Mr Millner's experience includes 15 years of experience within the financial services industry, including: 13 years' experience in active portfolio management of Australian equities, 8 years' experience as a CEO of Australian publicly listed company BKI and 6 years' experience as a Company Director of Australian publicly listed companies.

OTHER CURRENT LISTED DIRECTORSHIPS

Washington H. Soul Pattinson and Company Limited	Appointed 2011

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

PM Capital Global Opportunities Fund Limited	Resigned 2017

SPECIAL RESPONSIBILITIES

Nil

INTERESTS IN SHARES AND OPTIONS

3,774,368 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

MS S.J. PALMER – BCOM, CA, FAICD (NON-EXECUTIVE DIRECTOR)

EXPERIENCE
Ms Palmer is a Chartered Accountant with over 30 years of extensive experience in the financial and resources fields. Ms Palmer brings a current knowledge to the New Hope board in all aspects of accounting, finance, financial reporting, risk management and corporate governance. Her most recent executive role was as Chief Financial Officer and Executive Director with Thiess Pty Ltd. Ms Palmer was appointed to the New Hope Corporation Limited Board on 1 November 2012.

OTHER CURRENT LISTED DIRECTORSHIPS

Charter Hall Retail REIT	Appointed 2015
RCR Tomlinson Ltd	Appointed 2014
Qube Holdings Ltd	Appointed 1 September 2017

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS
Nil

SPECIAL RESPONSIBILITIES
Chair of the Audit Committee

INTERESTS IN SHARES AND OPTIONS
15,000 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

MR I.M. WILLIAMS – BEC, LLB (NON-EXECUTIVE DIRECTOR)

EXPERIENCE
As a legal and strategic adviser to International investors in the energy and resources sectors, Mr Williams has been involved in every aspect of the Australian coal industry. Mr Williams was appointed to the New Hope Corporation Limited Board on 1 November 2012.

OTHER CURRENT LISTED DIRECTORSHIPS
Nil

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS
Nil

SPECIAL RESPONSIBILITIES
Member of the Remuneration Committee and Member of Nomination Committee

INTERESTS IN SHARES AND OPTIONS
38,087 ordinary shares in New Hope Corporation Limited

Nil options or rights over ordinary shares in New Hope Corporation Limited

INFORMATION ON DIRECTORS (CONTINUED)

MR S.O. STEPHAN – BBUS (DIST), MBA (AGSM), MAUSIMM, MAICD (MANAGING DIRECTOR)

EXPERIENCE
Mr Stephan has over 30 years experience in the coal mining industry including senior line management roles, experience as a District Inspector of Mines in Queensland and as a member of the Coal Industry Health and Safety Advisory Council. He has also held executive roles in the corporate finance division of an investment bank. He commenced with New Hope as Chief Financial Officer in 2009. He was appointed Managing Director on 20 November 2014.

OTHER CURRENT LISTED DIRECTORSHIPS
Nil

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS
Nil

SPECIAL RESPONSIBILITIES

Managing Director	Appointed 2014

INTERESTS IN SHARES AND OPTIONS
311,291 ordinary shares in New Hope Corporation Limited
454,082 performance rights over ordinary shares in New Hope Corporation Limited

COMPANY SECRETARY

Ms Janelle Moody was appointed to the role of Company Secretary on 31 May 2016. Ms Moody has extensive legal experience, specifically in the area of corporate and commercial matters in the mining industry. Prior to joining New Hope Corporation Limited, Ms Moody was running her own legal practice, and has previously been a Partner in the law firm McCullough Robertson.

Directors' report

for the year ended 31 July 2017

REMUNERATION REPORT

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. REMUNERATION GOVERNANCE

The performance of the Group depends upon the quality of its Directors and Executives. It is the Company's objective to attract and retain appropriately qualified and experienced Directors and Executives.

The Remuneration Committee comprises Messrs Grant (Chair), Barlow and Williams. The Remuneration Committee is responsible for reviewing and setting the remuneration packages for Directors and Executives on an annual basis. The Remuneration Committee engages independent consultants, utilises data from independent surveys and reviews other market information and reports to ensure that remuneration is consistent with current industry practices. The Corporate Governance Statement provides further information on this Committee.

B. KEY MANAGEMENT PERSONNEL

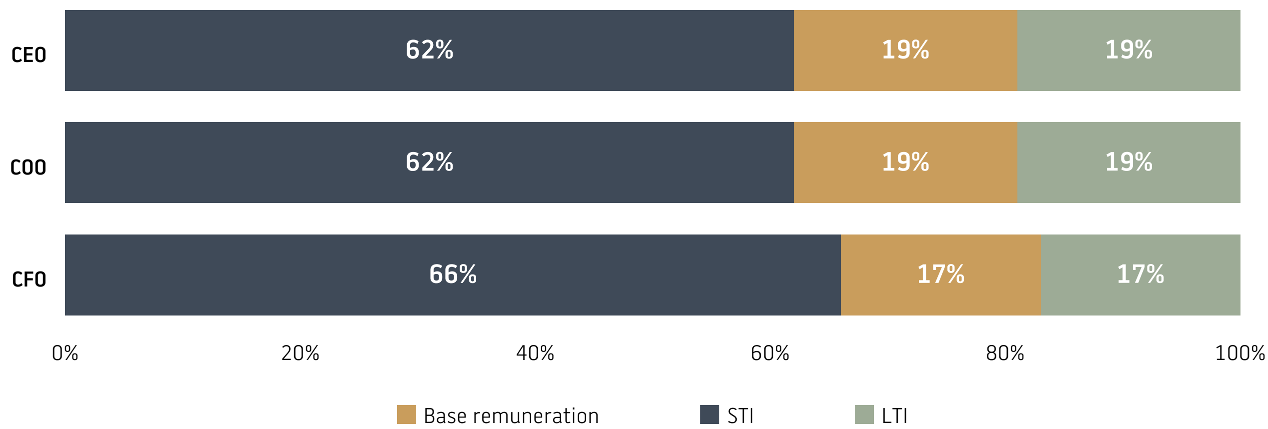
NAME	POSITIONS HELD
Mr R.D. Millner	Chairman and Non-executive Director.
Mr T.J. Barlow	Non-executive Director. Chairman of the Nomination Committee.
Mr W.H. Grant	Independent Non-executive Director. Chairman of the Remuneration Committee.
Mr T.C. Millner	Non-executive Director.
Ms S.J. Palmer	Independent Non-executive Director. Chairman of the Audit Committee.
Mr I.M. Williams	Independent Non-executive Director.
Mr S.O. Stephan	Managing Director.
Mr A.L. Boyd	Chief Operating Officer.
Mr M.J. Busch	Chief Financial Officer.

C. EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

The Company aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration of senior executives is reviewed annually after taking into consideration the executives' performance, the Company's performance, market rates and level of responsibility.

Executive remuneration comprises a mix of base remuneration, short term incentives (STIs) and long term incentives (LTIs). Target remuneration mix (based on the entitlement to 100% of the available STIs and LTIs which is at risk and subject to performance hurdles) for the year ended 31 July 2017 is:

TARGET REMUNERATION MIX



REMUNERATION REPORT (CONTINUED)

The detail of each component is as follows:

BASE REMUNERATION

Base remuneration for senior executives is fixed annually by the Remuneration Committee. It comprises a cash salary, superannuation, and other non-cash benefits such as a company vehicle. Executives may elect to take a vehicle allowance in lieu of a company vehicle and may salary sacrifice a portion of their cash salary into superannuation or other benefits.

SHORT TERM INCENTIVES

STIs are designed to motivate and reward senior executives to achieve the short term goals of the Company as set by the Board.

Maximum allowable STIs are provided for in senior executive employment contracts and are paid in the form of an annual cash bonus. At the end of each period the Remuneration Committee will award executives a percentage of their maximum allowable STIs having regard to the performance of the executive and the Company during the period. The Key Performance Indicators (KPI) set by the Remuneration Committee and their respective weightings for the 2017 financial year are detailed below.

SHORT TERM INCENTIVES KPI's		WEIGHTING
Attributable to Company performance		50%
Group Profit, Sales and Investment Performance	30%	
Group Compliance – Safety, Environment and Risk Management	10%	
Group Production Cost, Project Development and M&A Activities	10%	
Attributable to Individual performance		50%

The Remuneration Committee has determined that the portion of STIs awarded for the year ended 31 July 2017 and payable after year end are:

Shane O. Stephan	80%
Andrew L. Boyd	70%
Matthew J. Busch	67%

LONG TERM INCENTIVES

LTIs are designed to motivate and reward senior executives to achieve the strategic goals set by the Board, align shareholder and executive objectives, and to retain the services of senior executives.

Maximum allowable LTIs are provided for in senior executive employment contracts. At the end of each period the Remuneration Committee will award executives a percentage of their maximum allowable LTIs having regard to the performance of the executive and the Company during the period.

LTIs are paid in the form of Performance Rights at the discretion of the Remuneration Committee. The value of an executive's LTIs is converted into Performance Rights by reference to the 5 day volume weighted average share price of the Company over the 5 days immediately preceding issue. The Remuneration Committee has the discretion to select alternative equity instruments for the award of LTIs in the event that Performance Rights do not align to the strategic goals set by the Remuneration Committee or Board.

Performance Rights are issued subject to performance and service conditions. The service condition requires that the executive remain an employee of the Company for the duration of the three year vesting period. The performance conditions attaching to the rights are measured over three years. The Remuneration Committee will determine the percentage of rights that will vest based on the performance of the executive and the Company during the three year period. The KPIs set by the Remuneration Committee and their respective weightings relevant for the 2017 financial year are detailed below.

LONG TERM INCENTIVES KPI's	WEIGHTING
Shareholder Value	75%
Strategic Plan delivery	25%

The Shareholder Value KPI compares the total shareholder return (TSR) of the Company against the ASX 200 TSR over the three year period. The details of the amount of rights vesting, given the relative TSR performance, are detailed below:

% OF 3 YEAR COMPANY TSR VS ASX 200 TSR	% VESTING
< 100%	0%
100%	25%
105%	30%
110%	35%
115%	40%
120%	45%
> 125%	50%

Subject to the employee satisfying the above service and performance conditions, a percentage of the Performance Rights will vest three years after their grant date in accordance with the above table.

D. CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

The Company's performance is not only impacted by market factors, but also by employee performance. The financial performance for the last five years is shown below.

YEAR ENDED 31 JULY		2017	2016	2015	2014	2013
Net profit/(loss) attributable to shareholders	A$000's	**140,620**	(53,679)	(21,820)	58,450	74,129
Profit/(loss) after tax	A$000's	**140,619**	(53,680)	(21,821)	58,449	74,128
Net profit after tax before non regular items	A$000's	**128,713**	5,029	51,749	41,490	124,955
Earnings/(loss) per share	cents/share	**16.9**	(6.5)	(2.6)	7.0	8.9
Dividends paid during the year	cents/share	**6.0**	8.0	9.5	16.0	31.0
Share price as at 31 July	$/share	**1.60**	1.60	1.91	3.00	3.76
Shareholders' funds	A$000's	**1,853,428**	1,750,412	1,852,625	1,973,859	2,016,456

E. NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

It is intended that remuneration paid to Non-executive Directors reflects the demands and responsibilities of Directors. Non-executive Directors fees are reviewed annually after taking into consideration the Company's performance, market rates and level of responsibility.

Non-executive Directors receive a fixed fee that is paid within an aggregate limit as approved by the shareholders from time to time. The current maximum aggregate is set at $1,750,000 (2016 – $1,750,000) per annum.

F. VOTING MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

The Company received 99% "yes" votes on its remuneration report for the 2016 financial year.

1 OVERVIEW
2 BUSINESS REVIEW
3 DIRECTORS' REPORT
4 FINANCIAL REPORT
5 OTHER INFORMATION

REMUNERATION REPORT (CONTINUED)

G. DETAILS OF REMUNERATION

Details of remuneration of Directors and the key management personnel (KMP) of the Company are set out below for the current and previous financial years.

2017	SHORT-TERM EMPLOYEE BENEFITS CASH SALARY AND FEES $	SHORT-TERM EMPLOYEE BENEFITS NON CASH BENEFITS[4] $	LONG-TERM BENEFITS LSL $	POST EMPLOYMENT BENEFITS SUPER-ANNUATION $	POST EMPLOYMENT BENEFITS TERMINATION BENEFITS $	SHARE-BASED PAYMENTS RIGHTS $	TOTAL $
Non-executive Directors							
Mr R.D. Millner	**293,000**	**–**	**–**	**19,615**	**–**	**–**	**312,615**
Mr T.J. Barlow	**135,000**	**–**	**–**	**12,825**	**–**	**–**	**147,825**
Mr W.H. Grant	**150,000**	**–**	**–**	**14,250**	**–**	**–**	**164,250**
Mr T.C. Millner	**135,000**	**–**	**–**	**12,825**	**–**	**–**	**147,825**
Ms S.J. Palmer	**160,000**	**–**	**–**	**15,200**	**–**	**–**	**175,200**
Mr I.M. Williams	**135,000**	**–**	**–**	**12,825**	**–**	**–**	**147,825**
Total Non-executive Directors	**1,008,000**	**–**	**–**	**87,540**	**–**	**–**	**1,095,540**
Executive Directors							
Mr S.O. Stephan	**1,239,240**	**118,811**	**31,115**	**19,724**	**–**	**203,943**	**1,612,833**
Key Management Personnel							
Mr A.L. Boyd	**622,252**	**4,534**	**2,035**	**19,612**	**–**	**25,035**	**673,468**
Mr M.J. Busch	**545,709**	**43,503**	**9,670**	**19,612**	**–**	**78,832**	**697,326**
Total Key Management Personnel	**1,167,961**	**48,037**	**11,705**	**39,224**	**–**	**103,867**	**1,370,794**
Total Remuneration – 2017	**3,415,201**	**166,848**	**42,820**	**146,488**	**–**	**307,810**	**4,079,167**

2016	SHORT-TERM EMPLOYEE BENEFITS CASH SALARY AND FEES $	SHORT-TERM EMPLOYEE BENEFITS NON CASH BENEFITS[4] $	LONG-TERM BENEFITS LSL $	POST EMPLOYMENT BENEFITS SUPER-ANNUATION $	POST EMPLOYMENT BENEFITS TERMINATION BENEFITS $	SHARE-BASED PAYMENTS RIGHTS $	TOTAL $
Non-executive Directors							
Mr R.D. Millner	293,000	–	–	19,308	–	–	312,308
Mr T.J. Barlow	135,000	–	–	12,825	–	–	147,825
Mr D.J. Fairfull[1]	41,250	–	–	5,344	–	–	46,594
Mr W.H. Grant	150,000	–	–	14,250	–	–	164,250
Mr T.C. Millner	84,620	–	–	8,039	–	–	92,659
Ms S.J. Palmer	160,000	–	–	15,200	–	–	175,200
Mr I.M. Williams	135,000	–	–	12,825	–	–	147,825
Total Non-executive Directors	998,870	–	–	87,791	–	–	1,086,661
Executive Directors							
Mr S.O. Stephan	1,247,833	9,740	11,520	19,385	–	127,574	1,416,052
Key Management Personnel							
Mr B.D. Denney[2]	312,686	9,930	10,682	7,111	136,316	(66,010)	410,715
Mr A. L. Boyd[3]	389,709	38,728	22,327	14,370	–	–	465,134
Mr M.J. Busch	546,028	(990)	9,796	19,305	–	61,686	635,825
Total Key Management Personnel	1,248,423	47,668	42,805	40,786	136,316	(4,324)	1,511,674
Total Remuneration – 2016	3,495,126	57,408	54,325	147,962	136,316	123,250	4,014,387

1 Mr D.J. Fairfull retired as a Director on 19 November 2015.

2 Mr. B.D. Denney resigned as Chief Operating Officer (COO) on 18 December 2015. The negative share based payments amount reflects Rights forfeited.

3 Mr. A.L. Boyd was appointed as Chief Operating Officer on 21 December 2015.

4 Non Cash Benefits include movements in annual leave provisions.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION 2017	FIXED REMUNERATION 2016	AT RISK – STIs 2017	AT RISK – STIs 2016	AT RISK – LTIs 2017	AT RISK – LTIs 2016
Mr S.O. Stephan	**87%**	91%	**0%**	0%	**13%**	9%
Mr A. L. Boyd	**96%**	100%	**0%**	0%	**4%**	0%
Mr M.J. Busch	**89%**	90%	**0%**	0%	**11%**	10%

Since the long-term incentives are provided exclusively by way of rights, the percentages disclosed reflect the value of remuneration consisting of rights, based on the value of rights expensed during the year.

H. EMPLOYMENT CONTRACTS

The agreements with the senior executives provide for a cash salary, superannuation and a fully maintained motor vehicle. Executives may elect to take a vehicle allowance in lieu of a company vehicle and may salary sacrifice a portion of their cash salary into superannuation or other benefits.

NAME	TERM OF AGREEMENT AND NOTICE PERIOD [1]	BASE REMUNERATION INCLUDING SUPERANNUATION [2]	TERMINATION PAYMENTS [3]
Mr S.O. Stephan	No fixed term 6 months'notice period	$1,300,000	6 months' base remuneration
Mr A.L. Boyd	No fixed term 3 months'notice period	$650,000	3 months' base remuneration
Mr M.J. Busch	No fixed term 3 months'notice period	$600,000	3 months' base remuneration

1 This notice applies equally to either party.
2 Base remuneration quoted is for the year ended 31 July 2017; they are reviewed annually by the Remuneration Committee.
3 Base salary payable if the company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

I. DETAILS OF SHARE BASED COMPENSATION

RIGHTS

Rights are granted under the New Hope Corporation Limited Employee Performance Rights Share Plan (Rights Plan). Membership of the Rights Plan is open to those senior employees and those Directors of New Hope Corporation Limited, its subsidiaries and associated bodies corporate whom the Directors believe have a significant role to play in the continued development of the Group's activities.

Rights will be granted for no consideration. Rights to be granted in accordance with the Rights Plan will be allotted at the sole discretion of the Directors of the Company and in accordance with the Group's reward and retention strategy. Rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the relevant performance and service conditions. Performance and service conditions applicable to each issue of Rights are determined by the Board at the time of grant.

The assessed fair value at grant date of Rights granted to the individuals is allocated equally over the period from grant date to vesting date and the amount will be included in the remuneration of the executive. The fair value of the rights is determined based on the market price of shares at the grant date, with an adjustment made to take into account the vesting period, expected dividends during that period that will not be received by the participants and the probability that the performance conditions will be met.

The terms and conditions of each grant of rights affecting remuneration of key management personnel in the current or future reporting periods and the associated pricing model inputs are as follows:

PERFORMANCE PERIOD TO WHICH LTIs RELATES	GRANT DATE	VESTING DATE	VALUE OF A RIGHT AT GRANT DATE ($)
2012	December 2012	August 2016	4.08
2014 – 2016	December 2014	August 2017	1.58
2014 – 2016	November 2015	August 2017	0.96
2015 – 2018	November 2015	August 2018	1.08
2016 – 2019	December 2016	August 2019	0.80

REMUNERATION REPORT (CONTINUED)

Rights granted under the plan carry no dividend or voting rights.

Details of Rights over ordinary shares in the Company as at 31 July 2017, provided as remuneration to each Director of New Hope Corporation Limited and each of the key management personnel of the Group are set out below. Upon satisfaction of the service and performance conditions each right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met. The maximum value in future periods has been determined as the amount of the grant date fair value of the right that is yet to be expensed.

NAME	GRANT DATE	VESTING DATE	NUMBER GRANTED	VALUE PER SHARE	NUMBER VESTED	VESTED %	NUMBER FORFEITED	FORFEITED %	MAXIMUM VALUE IN FUTURE PERIODS
Mr S.O. Stephan	December 2012	August 2016	11,210	4.08	11,210	100%	–	–	–
	November 2015	August 2017 [1]	134,228	0.96	–	–	–	–	–
	November 2015	August 2018	204,082	1.08	–	–	–	–	80,375
	December 2016	August 2019	250,000	0.80	–	–	–	–	150,816
Mr A.L. Boyd	December 2016	August 2019	124,497	0.80	–	–	–	–	75,104
Mr M.J. Busch	December 2012	August 2016	8,408	4.08	8,408	100%	–	–	–
	December 2014	August 2017 [1]	50,336	1.58	–	–	–	–	–
	November 2015	August 2018	76,531	1.08	–	–	–	–	30,141
	December 2016	August 2019	93,750	0.80	–	–	–	–	56,556

1 The rights vesting in August 2017 do not have a maximum value at 31 July as they vest in August 2017.

The fair value of the rights is determined based on the market price of the Company's shares at the grant date.

J. EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

The tables below show the number of rights and shares in the Company that were held during the financial year by KMPs of the Group, including their close family members and entities related to them.

There were no shares granted during the reporting period as remuneration.

RIGHTS HOLDINGS

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	VESTED	BALANCE AT THE END OF THE YEAR	UNVESTED
Mr S.O. Stephan	349,520	250,000	(11,210)	588,310	588,310
Mr A. L. Boyd	–	124,497	–	124,497	124,497
Mr M.J. Busch	135,275	93,750	(8,408)	220,617	220,617

SHARE HOLDINGS

NAME	BALANCE AT THE START OF THE YEAR	PURCHASED/ (SOLD)	RECEIVED ON THE VESTING OF RIGHTS	BALANCE AT THE END OF THE YEAR
Mr R.D. Millner	3,781,962	143,867	–	3,925,829
Mr T.J. Barlow	–	19,900	–	19,900
Mr W.H. Grant	30,000	–	–	30,000
Mr T.C. Millner	3,774,368	–	–	3,774,368
Ms S.J. Palmer	15,000	–	–	15,000
Mr I.M. Williams	38,087	–	–	38,087
Mr S.O. Stephan	241,021	–	11,210	252,231
Mr A.L. Boyd	15,438	–	–	15,438
Mr M.J. Busch	711,324	–	8,408	719,732

Directors' report

for the year ended 31 July 2017

SHARES ISSUED ON THE VESTING OF RIGHTS

Since the end of the financial year 81,208 rights have vested and will be converted to ordinary shares in the Company.

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to Directors and executives granted during the reporting period, nor were there any outstanding loans as at balance date.

NON-AUDIT SERVICES

Deloitte Touche Tohmatsu has acted as auditor for the Group for the entire 2017 year. The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms (refer note 30):

	CONSOLIDATED	
	2017 $	2016 $
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*:		
Deloitte Touche Tohmatsu (Australian firm)	**371,500**	433,000
Total remuneration for audit services	**371,500**	433,000
Other services		
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint operations	**24,000**	24,000
Accounting advisory services	**–**	33,000
Ernst & Young (2016: PricewaterhouseCoopers) (Australian firm)		
Audit of joint operations	**42,000**	18,000
Total remuneration for non-audit services	**66,000**	75,000
Total auditor remuneration	**437,500**	508,000

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 41.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' report

for the year ended 31 July 2017

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2017 and the number of meetings attended by each Director:

	FULL MEETINGS		AUDIT COMMITTEE		REMUNERATION		NOMINATION	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Mr R.D. Millner	12	11	–	–	1	1	1	1
Mr T.J Barlow	12	12	4	4	1	1	1	1
Mr W.H. Grant	12	10	4	4	1	1	1	1
Mr T.C. Millner	12	12	–	–	1	1	1	1
Ms S.J. Palmer	12	12	4	4	1	1	1	1
Mr I.M. Williams	12	12	–	–	1	1	1	1
Mr S.O. Stephan	12	12	4	4	1	1	1	1

Signed at Sydney this 18th day of September 2017 in accordance with a resolution of Directors.

R.D. Millner
Director

S.J. Palmer
Director

Auditor's Independence Declaration

for the year ended 31 July 2017

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
New Hope Corporation Limited
3 / 22 Magnolia Drive
Brookwater QLD 4300

18 September 2017

Dear Board Members

Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Hope Corporation Limited.

As lead audit partner for the audit of the financial report of New Hope Corporation Limited for the financial year ended 31 July 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants

Notes to the Financial Statements

for the year ended 31 July 2017

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The Company is a company limited by shares on the Australian Securities Exchange (ASX). The Company is incorporated and domiciled in Australia and its registered office and principal place of business is:

New Hope Corporation Limited
3/22 Magnolia Drive
BROOKWATER QLD 4300

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 25 to 40, which is not part of this financial report. The financial report was authorised for issue by the Directors on 18 September 2017. The Company has the power to amend and reissue the financial report.

Through the use of the internet, the Company has ensured that corporate reporting is timely, complete and available globally at minimum cost to the Company. All financial reports and other announcements to the ASX are available on the Investor Relations pages of the website: www.newhopegroup.com.au/content/investors

Statement of Comprehensive Income

for the year ended 31 July 2017

	NOTES	2017 $000	2016 $000
Revenue from operations	2	**844,077**	531,459
Other income	3(a)	**23,378**	4,846
		867,455	536,305
Expenses			
Cost of sales		**(476,855)**	(353,196)
Marketing and transportation		**(168,766)**	(150,278)
Administration		**(9,669)**	(8,152)
Other expenses		**(7,922)**	(13,563)
Acquisition costs expensed	3(b)	**–**	(52,104)
Impairment of assets	3(b)	**(2,030)**	(33,124)
Profit/(loss) before income tax		**202,213**	(74,112)
Petroleum resource rent tax expense	4(a)	**–**	(3,574)
Income tax benefit/(expense)	4(a)	**(61,594)**	24,006
Profit/(loss) after income tax for the year		**140,619**	(53,680)
Profit/(loss) attributable to:			
New Hope Shareholders		**140,620**	(53,679)
Non-controlling interests		**(1)**	(1)
		140,619	(53,680)
Other comprehensive income/(loss)			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax	19(f)	**17,509**	2,455
Transfer to profit and loss for cash flow hedges, net of tax	19(f)	**(6,404)**	15,294
Exchange differences on translation of foreign operation	19(f)	**187**	(258)
Changes to the fair value of available for sale financial assets, net of tax	19(f)	**644**	–
Transfer to profit and loss – available for sale financial assets, net of tax	19(f)	**–**	355
Other comprehensive income/(loss) for the year, net of tax		**11,936**	17,846
Total comprehensive income/(loss) for the year		**152,555**	(35,834)
Total comprehensive income/(loss) attributable to:			
New Hope Shareholders		**152,556**	(35,833)
Non-controlling interests		**(1)**	(1)
		152,555	(35,834)
Earnings per share for profit/(loss) attributed to ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents/share)	6	**16.9**	(6.5)
Diluted earnings/(loss) per share (cents/share)	6	**16.9**	(6.5)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 31 July 2017

	NOTES	2017 $000	2016 $000
Current assets			
Cash and cash equivalents	14	**236,885**	91,162
Receivables	7	**71,567**	83,370
Inventories	9	**62,394**	53,518
Current tax assets	4(d)	**13,024**	1,486
Derivative financial instruments	17	**18,075**	2,313
Total current assets		**401,945**	231,849
Non-current assets			
Receivables	7	**1,297**	1,200
Available for sale financial assets	15	**1,977**	3,364
Property, plant and equipment	10	**1,324,637**	1,340,415
Intangible assets	11	**59,220**	59,673
Exploration and evaluation assets	12	**392,569**	382,048
Total non-current assets		**1,779,700**	1,786,700
Total assets		**2,181,645**	2,018,549
Current liabilities			
Accounts payable	8	**65,289**	64,604
Lease liabilities	16	**2,356**	2,272
Provisions	13	**43,632**	45,733
Total current liabilities		**111,277**	112,609
Non-current liabilities			
Lease liabilities	16	**10,232**	12,588
Deferred tax liabilities	4(e)	**101,867**	51,575
Provisions	13	**104,841**	91,365
Total non-current liabilities		**216,940**	155,528
Total liabilities		**328,217**	268,137
Net assets		**1,853,428**	1,750,412
Equity			
Contributed equity	19	**95,772**	95,692
Reserves	19(f)	**36,518**	24,353
Retained profits	19(g)	**1,721,118**	1,630,362
Capital and reserves attributable to New Hope Shareholders		**1,853,408**	1,750,407
Non-controlling interests		**20**	5
Total equity		**1,853,428**	1,750,412

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 31 July 2017

	NOTES	CONTRIBUTED EQUITY $000	RESERVES $000	RETAINED EARNINGS $000	NON-CONTROLLING INTERESTS $000	TOTAL $000
Balance at 1 August 2016		**95,692**	**24,353**	**1,630,362**	**5**	**1,750,412**
Profit/(loss) for the year		**–**	**–**	**140,620**	**(1)**	**140,619**
Other comprehensive income		**–**	**11,936**	**–**	**–**	**11,936**
Total comprehensive income/(loss)		**–**	**11,936**	**140,620**	**(1)**	**152,555**
Transactions with owners in their capacity as owners						
Dividends provided for or paid	18	**–**	**–**	**(49,864)**	**–**	**(49,864)**
Transfer from share based payment reserve to equity	19(f)	**80**	**(80)**	**–**	**–**	**–**
Net movement in share based payment reserve	19(f)	**–**	**309**	**–**	**–**	**309**
Share of non-controlling interests equity contributions		**–**	**–**	**–**	**16**	**16**
		80	**229**	**(49,864)**	**16**	**(49,539)**
Balance at 31 July 2017		**95,772**	**36,518**	**1,721,118**	**20**	**1,853,428**
Balance at 1 August 2015		95,444	6,632	1,750,525	24	1,852,625
Loss for the year		–	–	(53,679)	(1)	(53,680)
Other comprehensive income		–	17,846	–	–	17,846
Total comprehensive income/(loss)		–	17,846	(53,679)	(1)	(35,834)
Transactions with owners in their capacity as owners						
Dividends provided for or paid	18	–	–	(37,397)	–	(37,397)
Special dividend paid	18	–	–	(29,087)	–	(29,087)
Transfer from share based payment reserve to equity	19(f)	248	(248)	–	–	–
Net movement in share based payment reserve	19(f)	–	123	–	–	123
Share of non-controlling interests equity contributions		–	–	–	(18)	(18)
		248	(125)	(66,484)	(18)	(66,379)
Balance at 31 July 2016		**95,692**	**24,353**	**1,630,362**	**5**	**1,750,412**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the year ended 31 July 2017

	NOTES	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**914,625**	532,081
Payments to suppliers and employees inclusive of GST		**(601,621)**	(470,896)
		313,004	61,185
Acquisition costs expensed		**–**	(52,104)
Interest paid		**(903)**	(249)
Income taxes paid		**(27,570)**	(2,104)
Net cash inflow from operating activities	5	**284,531**	6,728
Cash flows from investing activities			
Payments for property, plant and equipment		**(70,451)**	(66,257)
Payments for intangibles		**(1,831)**	(38)
Payments for exploration and evaluation assets		**(12,492)**	(17,774)
Refunds from/(payments for) acquisition of business – Bengalla		**1,669**	(846,048)
Payments for acquisition of business – other		**(800)**	(3,482)
Net proceeds from held to maturity investments		**116**	1,032,412
Proceeds from sale of property, plant and equipment		**2,573**	822
Interest received		**2,050**	25,363
Refunds of security and bond guarantees		**63**	9
Dividends received		**2**	–
Net cash inflow/(outflow) from investing activities		**(79,101)**	125,007
Cash flows from financing activities			
Repayment of finance leases		**(2,272)**	(985)
Dividends paid		**(49,864)**	(66,484)
Net cash outflow from financing activities		**(52,136)**	(67,469)
Net increase/(decrease) in cash and cash equivalents		**153,294**	64,266
Cash and cash equivalents at the beginning of the financial year		**91,162**	24,789
Effects of exchange rate changes on cash and cash equivalents		**(7,571)**	2,107
Cash and cash equivalents at the end of the financial year	14	**236,885**	91,162

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 31 July 2017

The financial report covers New Hope Corporation Limited and its subsidiaries as the consolidated entity and together are referred to as the Group or the consolidated entity in this financial report.

BASIS OF PREPARATION

This financial report is a general purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations and the *Corporations Act 2001*.
- Complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the consolidated Financial Statements, the Company is a for profit entity.
- Adopts policies which are consistent with those of the previous financial year and corresponding interim reporting period.
- Has been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, derivative instruments carried at fair value, agricultural assets carried at fair value and inventory carried at net realisable value.
- Has been prepared on a going concern and accruals basis.
- Does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective (such as AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (December 2010) as amended by 2013-9). Refer to note 31 for more information on this and other accounting policies.
- Is for a company which is of a kind referred to in *ASIC Corporations Instrument 2016/191*, issued by ASIC, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- Presents comparative information that has been reclassified where appropriate to enhance comparability.

BASIS OF CONSOLIDATION

(I) SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 July 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

(II) JOINT ARRANGEMENTS

For information on Joint Arrangements refer to note 22.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies relevant to gaining an understanding of the financial statements have been grouped with the relevant notes to the financial statements.

Notes to the Financial Statements

for the year ended 31 July 2017

KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the following notes:

Notes to the Financial Statements

for the year ended 31 July 2017

1. FINANCIAL REPORTING SEGMENTS

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as comprising the Board, Managing Director (MD), COO and Chief Financial Officer (CFO).

A. DESCRIPTION OF SEGMENTS

The Group has three reportable segments, namely Coal mining in Queensland (including mining related exploration, development, production, processing, transportation, port operations and marketing), Coal mining in New South Wales (including mining production, processing, transportation and marketing) and Oil and gas (including oil and gas related exploration, development, production and processing).

Operating segments have been determined based on the analysis provided in the reports reviewed by the Board, MD, COO and CFO (being the CODM). The reportable segments reflect how performance is measured, and decisions regarding allocations of resources are made by the CODM.

Other immaterial coal mining and related operations that do not meet the quantitative thresholds requiring separate disclosure in AASB 8 *Operating Segments* have been combined with the Queensland coal mining operations. Segment information is presented on the same basis as that used for internal reporting purposes.

B. SEGMENT INFORMATION

	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OIL AND GAS $000	TOTAL $000
Year ended 31 July 2017					
Revenue from external customers	2	502,825	322,570	18,682	844,077
EBITDA		135,249	146,771	1,098	283,118
Interest expense		(903)	–	–	(903)
Depreciation and amortisation		(49,863)	(40,794)	(7,223)	(97,880)
Profit/(loss) before tax and non regular items		84,483	105,977	(6,125)	184,335
Non regular items before tax[1]		17,878	–	–	17,878
Profit/(loss) before tax after non regular items		102,361	105,977	(6,125)	202,213
Income tax benefit/(expense)		(31,925)	(31,401)	1,732	(61,594)
Profit/(loss) after tax after non regular items		70,436	74,576	(4,393)	140,619
Total segment profit before tax includes:					
Interest revenue	2	1,957	122	10	2,089
Reportable segment assets		1,047,392	1,017,059	117,194	2,181,645
Total segment assets includes:					
Additions to non-current assets		48,080	13,867	31,907	93,854

1 Non regular items for the year ended 31 July 2017 relate to the recovery of rail charges due to an adjustment to the Queensland Rail tariffs by the QCA. The QCA issued a final decision that required a reduction in below rail access charges applicable from 1 July 2013 with amounts relating to prior periods refunded and recognised as other income of $19.9 million. There were also impairment losses of $2.0 million related to available for sale assets.

1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OIL AND GAS $000	TOTAL $000
Year ended 31 July 2016					
Revenue from external customers	2	423,526	97,411	10,522	531,459
EBITDA		61,900	21,271	(1,901)	81,270
Interest expense		(248)	(1)	–	(249)
Depreciation and amortisation		(54,523)	(16,234)	(4,148)	(74,905)
Profit/(loss) before tax and non regular items		7,129	5,036	(6,049)	6,116
Non regular items before tax[1]		22	(51,862)	(28,388)	(80,228)
Profit/(loss) before tax after non regular items		7,151	(46,826)	(34,437)	(74,112)
Income tax benefit/(expense)		(1,475)	13,975	11,506	24,006
Petroleum resource rent tax expense		–	–	(3,574)	(3,574)
Profit/(loss) after tax after non regular items		5,676	(32,851)	(26,505)	(53,680)
Total segment profit/(loss) before income tax includes:					
Interest revenue	2	17,814	25	23	17,862
Reportable segment assets		1,022,780	907,347	88,422	2,018,549
Total segment assets includes:					
Additions to non-current assets		82,745	877,467	26,839	987,051

The prior period segment note has been restated due to the change in reporting in the current period to enhance comparability.

1 Non regular items relate to land access compensation income, impairment charges for oil producing and exploration assets, derecognition of petroleum resource rent tax, impairment of available for sale financial assets and acquisition costs expensed in relation to business combinations during the year.

C. OTHER SEGMENT INFORMATION

(I) SEGMENT REVENUE

	2017 $000	2016 $000
Total segment revenue by geographical location		
Japan	**308,940**	208,261
Taiwan/China	**310,898**	205,371
Chile	**27,062**	12,331
Korea/Indonesia	**17,052**	9,104
Other	**113,715**	24,650
Australia	**66,410**	71,742
	844,077	531,459

Included within revenue for the Coal mining QLD segment is one customer that represents more than 10% of the Group's total revenue. For the year ended 31 July 2017, one customer contributed $224,430,000 (2016 – $182,520,000) in sales revenue.

(II) SEGMENT ASSETS

The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All non-current assets are located in Australia.

Notes to the Financial Statements

for the year ended 31 July 2017

2. REVENUE

ACCOUNTING POLICY – REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue where the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised for the major business activities as follows:

- Coal sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sales terms. For export sales this is normally at the time of loading the shipment, and for domestic sales this is generally at the time the coal is delivered to the customer.
- Oil sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sales terms. For oil sales this is normally when the oil is delivered to the customer.
- Service fee income and management fee income is recognised as the services are performed.
- Interest income is recognised as it accrues using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Dividend income is taken into profit when the right to receive payment is established.

	2017 $000	2016 $000
Sales revenue		
Sale of goods	**824,570**	486,220
Services	**12,831**	22,358
	837,401	508,578
Other revenue		
Property rent	**1,207**	1,048
Interest	**2,089**	17,862
Sundry revenue	**3,380**	3,971
	844,077	531,459

3. OTHER INCOME AND EXPENSES

A. OTHER INCOME

	NOTES	2017 $000	2016 $000
Recovery of prior period below rail access charge		**19,908**	–
Insurance recovery		**2,000**	–
Gain/(loss) on sale of property, plant and equipment		**1,470**	(154)
Land access compensation		**–**	5,000
		23,378	4,846

B. BREAKDOWN OF EXPENSES

	NOTES	2017 $000	2016 $000
Profit/(loss) before income tax includes the following specific expenses:			
Foreign exchange gains and losses			
Net foreign exchange (gains)/losses		**7,571**	(2,107)
Depreciation			
Buildings	10	**954**	752
Plant and equipment	10	**53,911**	50,238
		54,865	50,990
Amortisation			
Mining reserves, leases and mine development	10	**33,962**	18,600
Oil producing assets	10	**6,769**	3,593
Software	11	**626**	1,027
Mining information	11	**1,396**	585
Water rights	11	**262**	110
		43,015	23,915
Other charges against assets			
Impairment of available for sale investments (IGas Plc and Planet Gas Limited)	15	**2,030**	4,978
Impairment of oil producing assets (Bridgeport)	10	**–**	15,029
Impairment of oil exploration assets (Bridgeport)	12	**–**	13,117
		2,030	33,124
Doubtful debt expense[1]	7	**–**	6,377
Acquisition costs expensed		**–**	52,104
Exploration costs expensed[2]		**14,735**	13,820
Employee benefits expensed		**126,414**	100,782
Superannuation expensed[3]		**8,534**	7,131
Operating lease costs expensed		**12,644**	7,186

1 Doubtful debt expense is included in Other expenses.

2 Exploration costs expensed includes Employee benefits expensed.

3 Superannuation expensed is included in Employee benefits expensed.

4. INCOME TAXES

ACCOUNTING POLICY

The income tax expense or revenue for the period is the tax payable on the current period's taxable income, based on the relevant income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdictions where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

TAX CONSOLIDATION LEGISLATION

New Hope Corporation Limited and its wholly owned Australian controlled entities are subject to tax consolidation legislation. All entities within the group are party to both Tax Sharing and Funding Agreements (TSA and TFA). The TSA, in the opinion of the Directors, limits the joint and several liability of each entity in the case of default by New Hope Corporation Limited. The TFA provides the basis to account for compensation for tax related items transferred between the subsidiaries and the head entity of the group. The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone tax payer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under TFAs with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the TFA are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

PETROLEUM RESOURCE RENT TAX (PRRT)

The Group accounts for current and deferred tax arising from PRRT in accordance with the requirements in relation to income tax as detailed above. New Hope Corporation Limited, as head company of the income tax consolidated group, has made a PRRT consolidation election and as such the Group currently includes three PRRT consolidated groups at 31 July 2017 (three at 31 July 2016). The Group has accounted for its PRRT tax balances in accordance with the stand-alone taxpayer method in alignment with its TFA.

A. INCOME TAX EXPENSE

	NOTES	2017 $000	2016 $000
Income tax – Current tax expense		**14,065**	–
Income tax – Adjustments for current tax of prior periods		**1,966**	(4,179)
Income tax – Deferred tax expense/(benefit)		**45,563**	(19,827)
Petroleum resource rent tax – Deferred tax expense		**–**	3,574
		61,594	(20,432)
Effective tax rate		**30.5%**	27.6%
Effective tax rate (excluding PRRT)		**30.5%**	32.4%

4. INCOME TAXES (CONTINUED)

B. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	NOTES	2017 $000	2016 $000
Profit/(loss) before income tax		**202,213**	(74,112)
Income tax calculated at 30% (2016 – 30%)		**60,664**	(22,234)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Income tax on petroleum resource rent tax		**–**	(1,072)
Impairment of available for sale financial assets		**609**	1,493
Sundry items		**51**	101
		61,324	(21,712)
(Over)/under provided in prior year		**695**	(794)
Effect of previously unrecognised capital losses		**(425)**	(1,500)
Petroleum resource rent tax expense		**–**	3,574
Income tax expense/(benefit)		**61,594**	(20,432)

C. TAX EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

	NOTES	2017 $000	2016 $000
Cash flow hedges	19(f)	**(4,760)**	(7,606)

D. RECONCILIATION OF INCOME TAX PAYABLE/(RECEIVABLE)

	2017 $000	2016 $000
Profit/(loss) before income tax	**202,213**	(74,112)
Income tax calculated at 30% (2016 – 30%)	**60,664**	(22,234)
Tax effected adjustments to taxable income:		
Non temporary differences		
Non assessable income	**(425)**	(1,500)
Impairment of available for sale financial assets	**609**	1,493
Other non temporary items	**51**	101
Temporary differences:		
Other assessable/(deductible) amounts	**(37,218)**	13,575
Tax losses utilised	**(9,616)**	–
Taxable income at 30% (2016 – 30%)	**14,065**	(8,565)
Tax losses generated	**–**	(8,565)
Current tax liability	**14,065**	–
Less: Tax instalments paid	**(27,089)**	(1,486)
Tax refundable	**(13,024)**	(1,486)

E. DEFERRED TAX BALANCES

ACCOUNTING POLICY

Deferred tax assets are recognised for the deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the company is able to control the timing of the reversal of the temporary difference and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

	NET BALANCE AT 1 AUGUST $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OCI $000	ACQUIRED IN BUSINESS COMBINATION $000	NET $000	DEFERRED TAX ASSETS $000	DEFERRED TAX LIABILITIES $000
2017							
Rehabilitation provision	**29,651**	**(1,125)**	**–**	**3,761**	**32,287**	**32,287**	**–**
Property, plant and equipment	**(9,662)**	**(32,306)**	**–**	**(3,761)**	**(45,729)**	**–**	**(45,729)**
Capitalised exploration	**(91,937)**	**(1,328)**	**–**	**–**	**(93,265)**	**–**	**(93,265)**
Cash flow hedges	**(694)**	**–**	**(4,729)**	**–**	**(5,423)**	**–**	**(5,423)**
Inventories	**(6,619)**	**117**	**–**	**–**	**(6,502)**	**–**	**(6,502)**
Other receivables	**1,219**	**(1,910)**	**–**	**–**	**(691)**	**–**	**(691)**
Accrued expenses	**639**	**13**	**–**	**–**	**652**	**652**	**–**
Employee benefits	**11,481**	**774**	**–**	**–**	**12,255**	**12,255**	**–**
Other	**(3,934)**	**(182)**	**–**	**–**	**(4,116)**	**–**	**(4,116)**
Revenue tax losses	**16,781**	**(9,616)**	**–**	**–**	**7,165**	**7,165**	**–**
Capital losses	**1,500**	**–**	**–**	**–**	**1,500**	**1,500**	**–**
	(51,575)	**(45,563)**	**(4,729)**	**–**	**(101,867)**	**53,859**	**(155,726)**
2016							
Rehabilitation provision	18,736	2,009	–	8,906	29,651	29,651	–
Property, plant and equipment	(6,809)	7,333	–	(10,186)	(9,662)	–	(9,662)
Capitalised exploration	(89,400)	(2,537)	–	–	(91,937)	–	(91,937)
Arising on PRRT	3,574	(3,574)	–	–	–	–	–
Cash flow hedges	6,912	–	(7,606)	–	(694)	–	(694)
Inventories	(6,933)	314	–	–	(6,619)	–	(6,619)
Other receivables	(382)	2,270	–	(669)	1,219	–	1,219
Accrued expenses	704	(178)	–	113	639	639	–
Employee benefits	8,854	791	–	1,836	11,481	11,481	–
Other	(3,757)	(177)	–	–	(3,934)	–	(3,934)
Revenue tax losses	8,216	8,565	–	–	16,781	16,781	–
Capital losses	99	1,401	–	–	1,500	1,500	–
	(60,186)	16,217	(7,606)	–	(51,575)	60,052	(111,627)

4. INCOME TAXES (CONTINUED)

F. UNRECOGNISED DEFERRED TAX ASSETS

	NOTES	2017 $000	2016 $000
Deferred tax assets have not been recognised in respect of the following items:			
Tax losses (capital)		**9,124**	9,549
PRRT (net of income tax)		**143,166**	57,702
Temporary differences associated with available for sale financial assets		**8,133**	7,717
		160,423	74,968

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The deferred taxation benefits will only be obtained if assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised, conditions for deductibility imposed by the law are complied with and no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The recognised deferred tax assets include carried forward transferred losses from previous acquisitions (2016 included Group revenue losses). The deferred tax assets will be recoverable against future taxable income based on the current forecasts for the Group. Key judgements and estimates underpinning these forecasts are the estimated cash flows and reserves and resources detailed in note 10. Revenue tax losses do not expire and are deemed to have low risk of denial of utilisation.

Capital tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is uncertain when future capital gains will be available against which the Group can utilise the benefits from these assets.

5. RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX

	NOTES	2017 $000	2016 $000
Profit/(loss) after income tax		**140,619**	(53,680)
Depreciation and amortisation		**97,880**	74,905
Non-cash employee benefit expense – share based payments	19(f)	**309**	123
Impairment of available for sale financial assets	3(b)	**2,030**	4,978
Impairment of oil producing assets	3(b)	**–**	15,029
Impairment of oil exploration assets	3(b)	**–**	13,117
Net foreign exchange (gain)/loss	3(b)	**7,571**	(2,107)
Net (profit)/loss on sale of non-current assets		**(463)**	154
Interest income	2	**(2,089)**	(17,549)
Income taxes paid		**(27,570)**	(2,104)
Income tax expense/(benefit)	4(a)	**61,594**	(20,432)
Changes in operating assets and liabilities			
(Increase)/decrease in receivables		**5,301**	(20,729)
(Increase)/decrease in other receivables		**(2,960)**	(2,954)
(Increase)/decrease in inventories		**(8,876)**	16,559
(Increase)/decrease in prepayments		**(701)**	(475)
Increase/(decrease) in payables		**9,084**	2,748
Increase/(decrease) in provisions and employee entitlements		**2,802**	(855)
Net cash provided by operating activities		**284,531**	6,728

* The above net movement excludes the increase associated with the acquisition of the Bengalla joint operation interest.

Non-cash investing and financing activities			
Acquisition of plant and equipment by means of finance leases		**–**	15,845

6. EARNINGS PER SHARE

ACCOUNTING POLICY

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus element in ordinary shares issued during the year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	EARNINGS PER SHARE (CENTS)	
	2017 $000	2016 $000
A. Basic earnings/(loss) per share attributable to ordinary equity holders of the Company	**16.9**	(6.5)
B. Diluted earnings/(loss) per share attributable to ordinary equity holders of the Company	**16.9**	(6.5)

C. Reconciliation of adjusted profits

	BASIC AND DILUTED	
	2017 $000	2016 $000
Profit/(loss) attributable to the ordinary equity holders of the Company	**140,620**	(53,679)

D. Weighted average number of shares used as the denominator

	BASIC AND DILUTED	
	2017 $000	2016 $000
Weighted average number of ordinary shares (basic)	**831,067,979**	831,050,306
Rights	**732,721**	438,136
Weighted average number of ordinary shares (diluted)	831,800,700	831,488,442

E. Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in note 27.

7. RECEIVABLES

ACCOUNTING POLICY

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than forty five days from the date of recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value, and subsequently at amortised cost less provisions for doubtful debts. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

IMPAIRMENT

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts) is used when there is objective evidence that the Group will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

	2017 $000	2016 $000
Current		
Trade receivables (a)	**39,502**	60,659
Less: Provision for doubtful debts	**–**	(6,377)
Other receivables (b)	**26,601**	24,209
Prepayments	**5,464**	4,763
	71,567	83,254
Non-current		
Other receivables	**1,297**	1,200
	1,297	1,200

A. RECOVERABLE RECEIVABLE

As of 31 July 2017, trade receivables past due but not impaired were nil (2016 – $14,251,000). An agreed settlement to recover the full balance not impaired at 31 July 2016 was achieved in September 2016.

B. OTHER RECEIVABLES

These amounts relate to long service leave payments recoverable from the Coal Mining Industry Long Service Leave Fund, diesel fuel rebates receivable, Goods and Services Tax (GST) refunds receivable and security deposits. None of these receivables are impaired or past due but not impaired.

C. FOREIGN EXCHANGE AND INTEREST RATE RISK

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 20.

D. FAIR VALUE AND CREDIT RISK

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value. The fair value of non-current receivables approximates their carrying amounts. Information about the Group's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 20.

8. ACCOUNTS PAYABLE

ACCOUNTING POLICY

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within forty five days of recognition.

	2017 $000	2016 $000
Trade payables and accruals	**65,289**	64,604

9. INVENTORIES

ACCOUNTING POLICY

Coal stocks are valued at the lower of cost and net realisable value in the normal course of business. Cost comprises the weighted average costs of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Self-generating and regenerating assets are valued at fair value less costs to sell. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

	2017 $000	2016 $000
Coal stocks	**36,073**	26,818
Self-generating and regenerating assets	**2,948**	2,076
Raw materials and stores at cost	**23,373**	24,624
	62,394	53,518

A. INVENTORY EXPENSE

Coal stocks recognised as an expense during the year ended 31 July 2017 amounted to $578,491,000 (2016 – $457,575,000).

10. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment is stated at historical cost less applicable depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent costs are expensed to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of each item of property, plant and equipment over its expected economic life to the consolidated entity. Each item's useful life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources of the mine property at which the item is located. Estimates of residual values and remaining useful lives are made on an annual basis. An annual review of the appropriateness of the method of depreciation is also undertaken noting the straight line method was predominately used in the 2017 year. The expected useful life of plant and equipment is 4 to 20 years, buildings is 25 to 40 years and motor vehicles is 4 to 8 years. Land is not depreciated.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

MINE PROPERTIES, DEVELOPMENT COSTS, RESERVES AND LEASES AND OIL PRODUCING ASSETS

Development expenditure incurred by the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified to the satisfaction of the Directors. Direct development expenditure, pre-operating start-up costs and an appropriate portion of related overhead expenditures are capitalised as development costs up until the relevant area of interest is ready for use. The cost of acquiring reserves and resources are capitalised in the Balance Sheet as incurred.

Mining reserves, leases and development costs are amortised over the estimated productive life of each applicable mine on either a unit of production basis or years of operation basis, as appropriate. Amortisation commences when an area of interest is ready for use.

Oil development assets are amortised on a unit of production basis. The method uses the actual costs of the asset to date plus all its projected future development costs. Amortisation commences when an area of interest is ready for use.

DEFERRED STRIPPING COSTS

The Group does not recognise any deferred stripping costs. Based on the nature of the Group's mining operations and the stripping ratio for the components of its operations, the recognition criteria of a deferred stripping asset are not satisfied. Further, it is anticipated that the operations will maintain a consistent stripping ratio at the component level and as such no overburden in advance should be recognised. In the event that a stripping campaign is undertaken in the future a deferred stripping asset will be recognised at that time and amortised in accordance with the requirements of IFRIC 20. An asset will be recognised for stripping activity where the following criteria are met:

- It is probable that future economic benefits (improved access to the ore body) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

IMPAIRMENT

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to dispose (FVLCD) and its value in use. For the purposes of assessing impairment under value in use testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets cash generating units (CGUs). The Company assesses annually for any indicator of a reversal of a previous impairment.

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OF ASSETS

(A) IMPAIRMENT ASSESSMENT

All property, plant and equipment allocated to CGU's containing goodwill must be tested for impairment at the CGU level on an annual basis. Other property, plant and equipment assets must also be tested for impairment when impairment indicators are identified.

Judgement is involved in assessing whether there are indicators of impairment of property, plant and equipment including in relation to the impact of events or changes in circumstances. For coal mining and oil production assets, key judgements include external factors such as forecast commodity prices and foreign exchange rates. Judgement is also required in relation to the estimation of coal and oil reserves and resources (refer (B) below for further information in relation to the estimation of coal reserves and resources).

Where the recoverable amounts of the Group's CGU's are tested for impairment using analyses of discounted cash flows, the resulting valuations are also sensitive to changes in estimates of long-term commodity prices, production timing and recovery rates, exchange rates, operating costs, reserve and resource estimates, closure costs and discount rates. Estimates in respect of the timing of project expansions and the cost to complete asset construction are also critical to determining the recoverable amounts for CGU (refer (C) below in relation to specific considerations related to NAC03 approvals).

(B) ESTIMATION OF COAL AND OIL RESERVES AND RESOURCES

The Group estimates its coal reserves and resources based on information compiled by Competent Persons as defined in accordance with the JORC Code, which is produced by the Australasian Joint Ore Reserves Committee.

The estimation of reserves and resources requires judgement to interpret available geological data and then to select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs, recovery rates and discount rates and, in some instances, the renewal of mining licences. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in coal reserves could have an impact on: the calculation of depreciation, amortisation and impairment charges; the timing of the payment of closedown and restoration costs; and the recovery of deferred tax assets. Changes in coal resources could have an impact on the recoverability of Exploration and evaluation costs capitalised (refer note 12).

(C) NEW ACLAND STAGE 3 APPROVALS

In recent years the process to secure mining tenements has become more complex and time consuming, and this has been evident in the NAC03 approvals process. As a result, there are a number of uncertainties associated with the approvals timeline and conditionality of the NAC03 project. The Company considers that approvals for the NAC03 project will be secured and have prepared these financial statements on that basis. Any significant delay in the approvals process has the potential to delay the commencement of NAC03 operations and has been assessed to be an indicator of impairment in the year ended 31 July 2017.

The financial statements have been prepared on the basis that approvals are granted within a reasonable time period, and as a result, there is no significant impact on the value recoverable from the project and therefore the QLD coal mining CGU at 31 July 2017. The Company has undertaken a thorough assessment regarding impairment as required under AASB 136 for the year ended 31 July 2017.

The Company carefully considered the potential impact that recent developments in the legal and regulatory environment or the possibility of further delays in the approvals process would have on future cash flows. Having due regard to all relevant information, the Company has concluded that none of these matters, either individually or in aggregate, result in the recoverable amount for the CGU being below its carrying value.

	NOTES	$000
The carrying value of the CGU's assets is set out below:		
Property, plant and equipment		
Land and buildings – mining		47,697
Plant and equipment		123,849
Mining reserves, leases and development assets		8,513
Plant under construction		55,571
Intangibles		
Software	11	1,487
Exploration and evaluation		
Exploration and evaluation at cost	12	35,816
Total carrying value		272,933

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OF ASSETS (CONTINUED)

CONSIDERATIONS IN RESPECT OF CHANGES TO THE LEGAL AND REGULATORY ENVIRONMENT

The approval under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* for the NAC03 project was received in January 2017 which provides positive outcomes to the project.

The Queensland Government made amendments to the *Water Act 2000* and the *Mineral Resources Act 1989* in late 2016 which now requires the NAC03 project to apply for and be granted an AWL. While this is a new approval requirement, it is largely covering matters already dealt with as part of the existing ML, EA and EPBC approval processes and updated modelling is being undertaken to address issues previously identified by the regulators and during the recent Land Court proceedings. As such, the Company is confident that an AWL will be secured and the only relevant impact of this new legislation is the time required to secure the AWL.

The Land Court hearing was completed during the year with recommendations to the State Minister for Natural Resources and Mines (the Minister) and the DEHP being made on 31 May 2017. The recommendations were for the Minister to not grant the ML and for the DEHP to not grant the amendment to the existing EA. Both the MLs and the EA are required for the project to proceed.

While the Land Court considered many matters, the only matters identified by the Court as leading to the negative recommendations were the perceived impacts that the NAC03 project may have on groundwater and night time noise limits with close neighbours. The Company considers that these issues can be appropriately addressed and managed and will not ultimately result in a failure to obtain the ML and EA approvals.

The Land Court recommendation is a non-binding recommendation and is not determinative to the outcome of the approval process. In considering whether to grant the MLs and EA amendment, the Minister and the DEHP are required to consider a number of relevant factors including the recommendations of the Land Court. The Company is working with the regulators to address the concerns raised by the Land Court and that will enable the approval of the ML and EA. The AWL application referred to above will also deal with the groundwater issues.

In addition, the Company through its wholly-owned subsidiary New Acland Coal Pty Ltd has commenced a Judicial Review process in respect to the Land Court recommendations. The Judicial Review seeks to address a number of concerns that the Company has about the Land Court process and resultant recommendations. If successful, the Judicial Review process may result in the Land Court changing its findings in respect of groundwater and night time noise concerns and ultimately recommending grant of the ML and EA.

The Company has assessed that, despite the changes to the legal and regulatory environment, the NAC03 approvals will ultimately be received. However, it is acknowledged that the changes to the legal and regulatory environment could result in delays in securing the necessary project approvals and these are discussed separately below.

CONSIDERATIONS IN RESPECT OF APPROVAL TIMING

At the time of preparing these financial statements, the Minister has extended the time to make an interim decision relevant to the grant of the ML and EA until 31 January 2018. This does not stop the Minister electing to make the decision earlier or agreeing to extend this date. There is no fixed timing associated with the Minister making a final decision on the grant of the ML but once the Minister makes the interim decision referred to above, the DEHP only has 10 business days to make a decision on the EA amendment.

Stage 2 operations at New Acland can continue to operate until all economically recoverable coal has been mined from within the Stage 2 lease boundary. The Queensland coal mining CGU has take or pay agreements for rail, port and water supply. The rail agreement is generally aligned to the recovery of Stage 2 coal while the port and water agreements have a longer term however is not of an amount which for any foreseeable approval delay would constitute a material impact on value.

The saleable product is exposed to minimal risk of decline in quality and value over time. The Queensland coal mining operations maintain a cost competitive structure within the mining industry with quality products available for export and domestic sale and this will not be materially influenced by any delay in securing project approvals.

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OF ASSETS (CONTINUED)

The fair value discounted cash flow models prepared for the CGU have confirmed the recoverable amount exceeds the carrying value. Having due regard to the above factors and the reasonably foreseeable time required to secure project approvals the Company considers the basis on which the financial statements have been prepared and assets recognised is appropriate. The models included the typical input assumptions and sensitivities for a coal mining company and were expanded to include a sensitivity analysis for a number of possible approval timelines. The key assumptions underpinning the models and sensitivity analysis are outlined below:

i) Extension of approvals timeline

Sensitivity analysis included adjusting the commencement of Stage 3 operations at Acland to reflect a range of possible approval scenarios. The scenarios assume that project approvals will be received in 2018 in the earliest instance, or in 2022 at the latest instance.

ii) Weighted Average Cost of Capital

A range of WACC sensitivities were considered between the ranges of 9%–11%.

iii) Coal pricing assumptions

In considering the commodity price assumptions the Company had regard to observable market forward curves, consensus market data, reports from reputable industry analysts, as well of the expertise of the Company's senior executive team. The base case assumptions utilised a thermal coal price of between US$65–120 per tonne (nominal basis). These estimates were within the range of prices supported by the externally sourced data.

iv) Foreign exchange

In considering the AUD:USD foreign exchange assumptions the Company had regard to observable market forward curves, consensus market data, reports from reputable financial institutions, as well of the expertise of the Company's senior executive team. The AUD:USD foreign exchange rates assumptions were between 0.73 – 0.75. These estimates are within the range supported by externally sourced data.

As a result of the impairment assessment undertaken there are no impairments required in relation to the assets of the QLD mining operations CGU for the year ended 31 July 2017.

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OIL PRODUCING ASSETS

In the prior year it was determined that the recoverable amount of oil producing assets was $7.2 million, resulting in an impairment of $15 million. In the current financial year there are no indicators of impairment or reversal of impairment in relation to these assets.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NOTES	LAND AND BUILDINGS MINING $000	LAND AND BUILDINGS NON-MINING $000	PLANT AND EQUIPMENT $000	MINING RESERVES AND LEASES $000	MINE AND PORT DEVEL-OPMENT $000	OIL PRODUCING ASSETS $000	PLANT UNDER CON-STRUCTION $000	TOTAL $000
Year ended 31 July 2017									
Balance at 1 August 2016		**171,453**	**9,402**	**403,027**	**624,302**	**33,542**	**44,672**	**54,017**	**1,340,415**
Additions		**1,282**	**–**	**21,259**	**–**	**763**	**13,819**	**33,311**	**70,434**
Rehabilitation movements		**–**	**–**	**–**	**–**	**(2,099)**	**(1,373)**	**–**	**(3,472)**
Other acquisition		**–**	**–**	**–**	**–**	**–**	**13,337**	**–**	**13,337**
Transfers in/(out)		**68**	**–**	**8,313**	**–**	**16,137**	**1,673**	**(26,191)**	**–**
Transfers to Exploration and evaluation	12	**–**	**–**	**–**	**–**	**–**	**1,299**	**–**	**1,299**
Transfers to Intangibles	11	**–**	**–**	**–**	**–**	**–**	**–**	**(99)**	**(99)**
Disposal of assets		**(361)**	**–**	**(1,320)**	**–**	**–**	**–**	**–**	**(1,681)**
Depreciation/amortisation		**(604)**	**(350)**	**(53,911)**	**(25,557)**	**(8,405)**	**(6,769)**	**–**	**(95,596)**
Balance at 31 July 2017		**171,838**	**9,052**	**377,368**	**598,745**	**39,938**	**66,658**	**61,038**	**1,324,637**
Year ended 31 July 2016									
Balance at 1 August 2015		157,060	9,608	244,701	1,680	17,948	47,344	23,772	502,113
Additions		577	10	39,700	299	5,284	6,865	37,332	90,067
Rehabilitation movements		–	–	–	303	(1,093)	(2,588)	–	(3,378)
Bengalla acquisition		14,926	–	156,956	633,267	17,932	–	6,451	829,532
Other acquisition		58	–	237	–	–	11,483	–	11,778
Transfers in/(out)		(101)	231	11,739	–	1,354	189	(13,412)	–
Transfers to Exploration and evaluation	12	–	–	–	(530)	–	1	–	(529)
Transfers to Intangibles	11	–	–	–	–	–	–	(126)	(126)
Disposal of assets		(762)	–	(68)	–	–	–	–	(830)
Impairment of assets		–	–	–	–	–	(15,029)	–	(15,029)
Depreciation/amortisation		(305)	(447)	(50,238)	(10,717)	(7,883)	(3,593)	–	(73,183)
Balance at 31 July 2016		**171,453**	**9,402**	**403,027**	**624,302**	**33,542**	**44,672**	**54,017**	**1,340,415**

FINANCE LEASES

ACCOUNTING POLICY

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease (refer to note 16 for further details).

	2017 $000	2016 $000
Leasehold equipment		
Cost	**15,845**	15,845
Accumulated depreciation	**(4,042)**	(1,346)
	11,803	14,499

11. INTANGIBLES

ACCOUNTING POLICY

IT DEVELOPMENT AND SOFTWARE

Costs incurred in IT development and developing software and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised are external direct costs of materials and services. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

WATER RIGHTS AND MINING INFORMATION

The Group benefits from water rights associated with its mining operations through the efficient and cost effective operation of the mine. These rights are amortised on a straight line basis over the life of the mine. The value of exploration, pre-feasibility and feasibility costs necessary for regulatory, reporting and internal control purposes have been recognised as a mining information intangible asset. The total value is amortised over the estimated life of the mine.

GOODWILL

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Goodwill is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

IMPAIRMENT

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Refer to note 10 for details of impairment testing. Goodwill impairments are not reversible.

	NOTES	$000	$000	$000	$000	$000
Year ended 31 July 2017						
Balance at 1 August 2016		**1,042**	**17,866**	**6,450**	**34,315**	**59,673**
Additions		**1,732**	**–**	**–**	**–**	**1,732**
Transfers in/(out)	10	**99**	**–**	**–**	**–**	**99**
Amortisation charge		**(626)**	**–**	**(262)**	**(1,396)**	**(2,284)**
Balance at 31 July 2017		**2,247**	**17,866**	**6,188**	**32,919**	**59,220**
Year ended 31 July 2016						
Balance at 1 August 2015		1,865	17,866	–	–	19,731
Additions		38	–	–	–	38
Acquisition of business – Bengalla		40	–	6,560	34,900	41,500
Transfers in/(out)	10	126	–	–	–	126
Amortisation charge		(1,027)	–	(110)	(585)	(1,722)
Balance at 31 July 2016		**1,042**	**17,866**	**6,450**	**34,315**	**59,673**

CRITICAL ESTIMATE – GOODWILL IMPAIRMENT ASSESSMENT

Goodwill cost relates to the acquisition of QBH ($5,596,000) and Northern Energy Corporation Limited (NEC) ($12,271,000).

The recoverable amount of the CGU to which NEC goodwill is attributable has been based on FVLCD using a comparable resource transaction multiple multiplied by the resources attributable to this CGU. This assessment is determined under Level 2 of the fair value hierarchy based on observable external market data for reserve and resource transaction multiples, rather than quoted prices. Observable transactions included in the assessment of an appropriate multiple are comparable transactions in the last four years for Australian coal exploration projects with the same coal type as the CGU's assets. The estimation of the resources used to determine the recoverable amount requires judgement and assumptions as detailed in note 10.

The recoverable amount of the QBH CGU has been based on value in use calculations using a discounted cashflow model. The future cashflows have been discounted using a post tax rate of 9% (31 July 2016: 10%).

12. EXPLORATION AND EVALUATION

ACCOUNTING POLICY

Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and such costs are expected to be recouped through successful development and exploitation or from sale of the area. At the time that a decision is taken to develop an area with proven technical feasibility and commercial viability the costs will cease to be capitalised as exploration and evaluation assets and existing assets will be transferred to property, plant and equipment.

Exploration and evaluation expenditure which do not satisfy these criteria are expensed.

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICY

EXPLORATION AND EVALUATION EXPENDITURE

During the year the entity capitalised various items of expenditure to the exploration expenditure asset. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining and oil operations, which will subsequently be amortised over the life of the mine or oil field. The key judgement applied in considering whether the costs should be capitalised, is that costs are expected to be recovered through either successful development or sale of the relevant area.

	NOTES	2017 $000	2016 $000
Exploration and evaluation at cost		**135,137**	124,616
Exploration and evaluation – mining reserves acquired		**257,432**	257,432
		392,569	382,048
Reconciliation			
Balance at 1 August		**382,048**	377,121
Additions		**12,492**	17,254
Movements in rehabilitation		**(672)**	260
Impairment of assets		**–**	(13,117)
Transfers in/(out)	10	**(1,299)**	530
Balance at 31 July		**392,569**	382,048

CRITICAL ESTIMATE – IMPAIRMENT OIL EXPLORATION ASSETS

In the prior year, there were two oil exploration tenements which were identified for a full relinquishment with management having no intention to further explore or develop the resource. As such a full impairment was recognised for the carrying value of $8,998,000. In addition, there were two further Victorian oil exploration tenures which are subject to government moratorium until at least 2020. With the uncertainty of future exploitation of these tenures a full impairment of $4,119,000 was recognised. There have been no indicators of a reversal of impairment in the current year.

13. PROVISIONS

ACCOUNTING POLICY

SHORT-TERM EMPLOYEE BENEFIT OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. These are measured at the amounts expected to be paid when the liabilities are settled. The liability of annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The liability for long service leave and annual leave which is not expected to be settled within 12 months of balance date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on a high quality corporate bonds rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

RESTORATION, REHABILITATION AND ENVIRONMENTAL EXPENDITURE

Provisions are raised for restoration, rehabilitation and environmental expenditure as soon as an obligation exists, with the cost being charged to the Statement of Comprehensive Income in respect of ongoing rehabilitation. Where the obligation relates to decommissioning of assets and restoring the sites on which they are located, the costs are carried forward in the value of the asset and amortised over its useful life.

Provisions are measured at the present value of expected future cash outflows with future cash outflows reassessed on a regular basis. The present value is determined using an appropriate discount rate. The obligations include profiling, stabilisation and revegetation of the completed area, with cost estimates based on current statutory requirements and current technology.

	EMPLOYEE BENEFITS $000	REHABILITATION $000	TOTAL $000
2017			
Current	**35,145**	**8,487**	**43,632**
Non-current	**5,706**	**99,135**	**104,841**
	40,851	**107,622**	**148,473**
2016			
Current	34,160	11,573	45,733
Non-current	5,269	86,096	91,365
	39,429	97,669	137,098

A. EMPLOYEE BENEFITS

	2017 $000	2016 $000
Current long service leave obligations expected to be settled after 12 months	**10,612**	10,478

The current provision for employee benefits includes accrued annual leave, vested sick leave and long service leave for all unconditional settlements where employees have completed the required period of service and also those where employees are entitled to pro rata payment in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

13. PROVISIONS (CONTINUED)

B. MINING RESTORATION AND REHABILITATION

	2017 $000	2016 $000
Movements		
Balance at 1 August	**97,669**	61,193
Provision capitalised/(written down)	**(4,144)**	(3,118)
Provision credited to profit and loss	**(1,475)**	(578)
Provision arising on acquisition	**12,537**	37,982
Charged to profit and loss – unwinding of discount	**3,035**	2,190
Balance at 31 July	**107,622**	97,669

SIGNIFICANT ESTIMATE – DETERMINATION OF RESERVES ESTIMATES AND REHABILITATION COSTS

Provision is made for rehabilitation, restoration and environmental costs when the obligation arises, based on the net present value of estimated future costs. The ultimate cost of rehabilitation and restoration is uncertain, and management uses its judgement and experience to provide for these costs over the life of the operations.

The Group makes estimates about the future cost of rehabilitating tenements which are currently disturbed, based on legislative requirements and current costs. Cost estimates take into account past experience and expectations of future events that are expected to alter past experiences. Any changes to legislative requirements could have a significant impact on the expenditure required to restore these areas.

The estimation of reserves and resources are also a key judgement that affects the timing of the payment of closedown and restoration costs as detailed in note 10.

14. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, excluding funds on deposit for which there is no short term identified use in the operating cash flows of the Group.

	2017 $000	2016 $000
Cash at bank and on hand	**236,885**	91,162

A. CASH AT BANK AND ON HAND

Cash at bank and on hand includes deposits for which there is a short term identified use in the operating cash flows of the Group, and attracts interest at rates between 0% and 1.5% (2016 – 0% to 1.9%).

B. RISK EXPOSURE

Information about the Group's exposure to foreign exchange risk and credit risk is detailed in note 20.

15. AVAILABLE FOR SALE FINANCIAL ASSETS

ACCOUNTING POLICY

Available for sale financial assets, comprising principally non-derivative marketable securities are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Available for sale financial assets are initially recognised at fair value. Unrealised gains and losses arising from changes in fair value are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Such assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a "loss event") and that loss event has a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets may be impaired.

If there is objective evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income), is recognised in the Statement of Comprehensive Income. Impairment losses are not reversed through the Statement of Comprehensive Income in a subsequent period.

	2017 $000	2016 $000
Listed equity securities	**1,974**	3,361
Unlisted equity securities	**3**	3
	1,977	3,364

During the year equity securities held were impaired by $2,030,000 (2016 – $4,622,000). In the prior year, in addition to the impairment, $356,000 was transferred from reserves to the Statement of Comprehensive Income.

SIGNIFICANT JUDGEMENTS IN APPLYING THE ACCOUNTING POLICY

In the 2017 financial statements, the Group made a significant judgement about the impairment of one of its available for sale financial assets. As a result of a prolonged decline in the fair value of the security it was considered to be impaired and a loss recognised in Statement of Comprehensive Income.

16. LEASE LIABILITIES

ACCOUNTING POLICY

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or (if there is no reasonable certainty that the group will obtain ownership at the end of the lease term), over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

A. SECURED – FINANCE LEASE LIABILITIES

The Group leases various plant and equipment with a carrying amount of $11,803,000 (2016: $14,499,000) under finance leases expiring within three to four years. Refer to note 10 for further detail on these assets.

	2017 $000	2016 $000
Commitments in relation to finance lease are payable as follows:		
Within one year	**2,767**	2,767
Later than one year but not later than five years	**10,876**	13,653
Minimum lease payments	**13,643**	16,420
Future finance charges	**(1,055)**	(1,560)
Total lease liability	**12,588**	14,860
The present value of finance lease liabilities is as follows:		
Within one year	**2,356**	2,272
Later than one year but not later than five years	**10,232**	12,588
Minimum lease payments	**12,588**	14,860

SECURED LIABILITY

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. No other assets are pledged as security for borrowings.

RISK EXPOSURES

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 20.

17. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

FORWARD FOREIGN EXCHANGE CONTRACTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts accumulated in equity are recycled in the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial carrying amount of the asset or liability.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the Statement of Comprehensive Income.

	2017 $000	2016 $000
Current assets		
Forward foreign exchange contracts	**18,075**	2,313

A. INSTRUMENTS USED BY THE GROUP

New Hope Corporation Limited and certain controlled entities are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

At balance date these contracts represented an asset with a fair value of $18,075,000 (2016 – $2,313,000). At balance date the details of outstanding contracts are:

	SELL US DOLLARS BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
	2017 $000	2016 $000	2017 $000	2016 $000
Maturity				
0 to 6 months	**221,183**	7,297	**0.73243**	0.68520
6 to 12 months	**–**	21,831	**0.00000**	0.68709
	221,183	29,128		

B. CREDIT RISK EXPOSURES

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date $221,183,000 (2016 – $29,128,000) was receivable (AUD equivalents).

18. DIVIDENDS

ACCOUNTING POLICY

Provision is made for any dividend declared on or before the end of the financial year but not distributed at balance date.

A. ORDINARY DIVIDEND PAID

	2017 $000	2016 $000
2015 final dividend at 2.50 cents per share – 100% franked (tax rate – 30%) (paid on 3 Nov 2015)	–	20,776
2015 special dividend at 3.50 cents per share – 100% franked (tax rate – 30%) (paid on 3 Nov 2015)	–	29,087
2016 interim dividend at 2.00 cents per share – 100% franked (tax rate – 30%) (paid on 3 May 2016)	–	16,621
2016 final dividend at 2.00 cents per share – 100% franked (tax rate – 30%) (paid on 1 Nov 2016)	**16,621**	–
2017 interim dividend at 4.00 cents per share – 100% franked (tax rate – 30%) (paid on 3 May 2017)	**33,243**	–
Total dividends paid	**49,864**	66,484

B. PROPOSED DIVIDENDS

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 6.0 cents (2016 – 2.0 cents per share). The dividend is fully franked based on tax paid at 30%. The proposed dividend expected to be paid on 7 November 2017 but not recognised as a liability at year end is $49,869,000 (2016 – $16,621,000).

C. FRANKED DIVIDENDS

The franked portions of the final dividend recommended after 31 July 2017 will be franked out of existing franking credits.

Franking credits available for subsequent financial years based on a tax rate of 30% (2016 – 30%)	**460,893**	467,998

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for franking debits that will arise from the payment/refund of income tax, franking debits that will arise from the payment of dividends recognised as a liability at the reporting date and franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date. The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $21,372,000 (2016 – $7,123,000).

D. DIVIDEND REINVESTMENT PLANS

There were no dividend reinvestment plans in operation at any time during or since the end of the financial year.

19. EQUITY

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds. The amounts of any capital returns are applied against contributed equity.

A. ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

B. RIGHTS

Information relating to the Rights Plan, including details of rights granted, vested and the amount lapsed during the financial year and rights outstanding at the end of the financial year, is set out in note 27.

C. SHARE CAPITAL

	2017 NO. OF SHARES	2017 $000	2016 NO. OF SHARES	2016 $000
Issued and paid up capital	**831,070,344**	**95,772**	831,050,726	95,692

D. MOVEMENTS IN SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	$000
1 August 2015	Opening Balance	830,999,449		95,444
4 August 2015	Vesting of performance rights	51,277	$0.0000	–
31 July 2016	Transfer from SBP[1] reserve to equity	–		248
31 July 2016	**Balance**	**831,050,726**		**95,692**
1 August 2016	Vesting of performance rights	19,618	$0.0000	–
31 July 2017	Transfer from SBP reserve to equity	–		80
31 July 2017	**Balance**	**831,070,344**		**95,772**

1 SBP – Share based payment.

E. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or source debt to fund growth projects.

19. EQUITY (CONTINUED)

F. RESERVES

	NOTES	CAPITAL PROFITS $000	AVAILABLE FOR SALE ASSETS $000	REVALUATION $000	HEDGING $000	SHARE-BASED PAYMENT $000	FCTR[1] $000	PREMIUM PAID ON NCI[2] $000	TOTAL $000
At 1 August 2016		**1,343**	**–**	**27,412**	**1,548**	**266**	**(187)**	**(6,029)**	**24,353**
Transfer to net profit – gross		**–**	**–**	**–**	**(9,148)**	**–**	**–**	**–**	**(9,148)**
Transfer to net profit – deferred tax		**–**	**–**	**–**	**2,744**	**–**	**–**	**–**	**2,744**
Currency translation – subsidiary		**–**	**–**	**–**	**–**	**–**	**187**	**–**	**187**
Revaluation – gross		**–**	**644**	**–**	**25,013**	**–**	**–**	**–**	**25,657**
Revaluation – deferred tax		–	–	–	(7,504)	–	–	–	(7,504)
Other comprehensive income		**1,343**	**644**	**27,412**	**12,653**	**266**	**–**	**(6,029)**	**36,289**
Transactions with owners in their capacity as owners									
Share based payment expense	26	**–**	**–**	**–**	**–**	**309**	**–**	**–**	**309**
Transfer to contributed equity	19(d)	**–**	**–**	**–**	**–**	**(80)**	**–**	**–**	**(80)**
At 31 July 2017		**1,343**	**644**	**27,412**	**12,653**	**495**	**–**	**(6,029)**	**36,518**
At 1 August 2015		1,343	(355)	27,412	(16,201)	391	71	(6,029)	6,632
Transfer to net profit – gross		–	355	–	21,848	–	–	–	22,203
Transfer to net profit – deferred tax		–	–	–	(6,554)	–	–	–	(6,554)
Currency translation – subsidiary		–	–	–	–	–	(258)	–	(258)
Revaluation – gross		–	–	–	3,507	–	–	–	3,507
Revaluation – deferred tax		–	–	–	(1,052)	–	–	–	(1,052)
Other comprehensive income		1,343	–	27,412	1,548	391	(187)	(6,029)	24,478
Transactions with owners in their capacity as owners									
Share based payment expense	26	–	–	–	–	123	–	–	123
Transfer to contributed equity	19(d)	–	–	–	–	(248)	–	–	(248)
At 31 July 2016		1,343	–	27,412	1,548	266	(187)	(6,029)	24,353

1 FCTR – Foreign currency translation reserve.
2 NCI – Non controlling interest.

NATURE AND PURPOSE OF RESERVES

Capital profits

This reserve represents amounts allocated from retained profits that were profits of a capital nature.

Available for sale investments revaluation

Changes in the fair value of investments classified as available for sale financial assets are taken to this reserve. Amounts are recognised in the Statement of Comprehensive Income when the associated assets are sold or impaired.

Property, plant and equipment revaluation

This reserve represents the revaluation arising on the fair value uplift of property, plant and equipment on the initial holding of QBH further to the acquisition of the remaining 50% of this company.

Hedging

The hedging reserve is used to record the gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 17. Amounts are recognised in the Statement of Comprehensive Income when the associated hedged transaction affects the profit and loss.

Share based payment reserve

The share based payment reserve is used to recognise the fair value of options and rights issued, but not yet exercised. Fair values at grant date are independently determined using the Black-Scholes options pricing model that takes into account the exercise price , the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Premium paid on non-controlling interest acquisition

The premium paid on non-controlling interest acquisition is used to recognise any excess paid on the acquisition of a non-controlling interest in a subsidiary.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 31 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the Statement of Comprehensive Income when the net investment is disposed of.

G. RETAINED PROFITS

	NOTES	2017 $000	2016 $000
Carrying amount at beginning of year		**1,630,362**	1,750,525
Net profit/(loss) after income tax		**140,620**	(53,679)
Dividends paid	18(a)	**(49,864)**	(66,484)
Carrying amount at end of year		**1,721,118**	1,630,362

20. FINANCIAL RISK MANAGEMENT

ACCOUNTING POLICY

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out in accordance with written policies approved by the Board of Directors. These written policies cover specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of forward exchange contracts and investment of excess liquidity. The Group holds the following financial instruments:

	AVAILABLE FOR SALE $000	HEDGING DERIVATIVES $000	AMORTISED COST $000	TOTAL $000
Financial assets				
2017				
Cash and cash equivalents	**–**	**–**	**236,885**	**236,885**
Trade and other receivables	**–**	**–**	**67,400**	**67,400**
Available for sale financial assets	**1,977**	**–**	**–**	**1,977**
Derivative financial instruments	**–**	**18,075**	**–**	**18,075**
	1,977	**18,075**	**304,285**	**324,337**
2016				
Cash and cash equivalents	–	–	91,162	91,162
Trade and other receivables	–	–	78,607	78,607
Available for sale financial assets	3,364	–	–	3,364
Derivative financial instruments	–	2,313	–	2,313
	3,364	2,313	169,769	175,446
Financial liabilities				
2017				
Lease liabilities	**–**	**–**	**12,588**	**12,588**
Trade and other payables	**–**	**–**	**65,289**	**65,289**
	–	**–**	**77,877**	**77,877**
2016				
Lease liabilities	–	–	14,860	14,860
Trade and other payables	–	–	64,604	64,604
	–	–	79,464	79,464

A. MARKET RISK

(I) FOREIGN EXCHANGE RISK

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from currency exposures to the US dollar.

Forward contracts are used to manage foreign exchange risk. Senior management is responsible for managing exposures in each foreign currency by using forward currency contracts. Contracts are designated as cash flow hedges. Foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific future transactions.

The Group's risk management policy is to hedge up to 65% of anticipated transactions (export coal sales) in USD for the subsequent year, up to 57% of anticipated revenue beyond a year but less than two years and up to 50% for revenue beyond two years but less than three years. All hedges of projected export coal sales qualify as "highly probable" forecast transactions for hedge accounting purposes.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2017 $000	2016 $000
Cash and cash equivalents	**90,848**	9,135
Trade receivables	**26,521**	13,501
Forward exchange contracts – sell foreign currency (cash flow hedges)	**162,000**	20,000
Trade payables	**538**	389

Group sensitivity

Based on the trade receivables, cash and trade payables held at 31 July 2017, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by $11,377,000/($9,309,000) (2016 – $2,300,000/($1,882,000)), mainly as a result of foreign exchange gains/losses on translation of US dollar receivables and cash balances as detailed in the above table. The Group's equity as at balance date would have increased/(decreased) by the same amounts.

Based on the forward exchange contracts held at 31 July 2017, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's equity would have increased/(decreased) by $22,493,000/($18,400,000) (2016 – $2,961,000/($2,419,000)). There is no effect on post-tax profits.

(II) PRICE RISK

The Group is exposed to equity securities price risk arising from certain investments held by the Group and classified on the Balance Sheet as available for sale.

The majority of the Group's equity investments are publicly traded. The table below summarises the impact of increases/decreases in the financial instrument on the Group's equity as at balance date. The analysis is based on the assumption that the equity instrument had increased/decreased by 10% with all other variables held constant.

	IMPACT ON POST-TAX PROFIT		IMPACT ON EQUITY	
	2017 $000	2016 $000	2017 $000	2016 $000
Index				
All Ordinaries – 10% increase	**–**	–	**175**	306
All Ordinaries – 10% decrease	**–**	–	**(175)**	(306)

The price risk for unlisted securities is immaterial in terms of the possible impact on total equity. It has therefore not been included in the sensitivity analysis.

(III) FAIR VALUE INTEREST RATE RISK

Refer to (e) below.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to export and domestic customers, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The majority of customers, both export and domestic, have long term relationships with the Group and sales are secured with long term supply contracts. Sales are secured by letters of credit when deemed appropriate. Derivative counterparties, held to maturity investments and cash transactions are limited to financial institutions with a rating of at least BBB. The Group has policies that limit the maximum amount of credit exposure to any one financial institution.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 23). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The table below summarises the assets which are subject to credit risk:

	2017 $000	2016 $000
Trade receivables	**67,400**	78,607
Cash at bank and short term bank deposits	**236,885**	91,162
Derivative financial instruments	**18,075**	2,313

C. LIQUIDITY RISK

Prudent liquidity risk management is adopted through maintaining sufficient cash and marketable securities, the ability to borrow funds from credit providers and to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

FINANCING ARRANGEMENTS

The Group's only significant external borrowings relate to finance leases detailed in note 16. The maturity of these finance leases are shown in (d) below.

D. MATURITY OF FINANCIAL LIABILITIES

The maturity groupings of derivative financial instruments are detailed in note 17.

Trade and other payables (note 8) are normally settled within 45 days of recognition. The Group's borrowings (note 16) comprise finance leases payable over a period of four to five years. The finance lease are fixed rate leases with a weighted average interest rate of 3.57%. The table below details the contractual maturities of finance lease liabilities:

	0 TO 6 MONTHS $000	6 TO 12 MONTHS $000	1 TO 2 YEARS $000	2 TO 5 YEARS $000	TOTAL $000	CARRYING AMOUNT $000
Finance leases	1,384	1,383	2,767	8,109	13,643	12,588

E. CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group may, from time to time, have significant interest-bearing assets which are placed with reputable investment counterparties for up to 12 months. The Group has a treasury investment policy approved by the Board which stipulates the maximum dollar exposure to each financial institution, and the maximum percentage of funds that can be invested with an individual institution. Significant changes in market interest rates may have an effect on the Group's income and operating cash flows. The Group manages its cash flow interest rate risk by placing excess funds in term deposits and other fixed interest bearing assets.

There were no deposits held at balance date.

F. FAIR VALUE MEASUREMENTS

ACCOUNTING POLICY – FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of forward exchange contracts is determined using forward exchange market rates at balance date.

The carrying value less the estimated credit adjustments of trade receivables and payables is assumed to approximate their fair values due to their short term nature.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets measured and recognised at fair value as at 31 July 2017 and 31 July 2016.

2017	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
Assets				
Derivatives used for hedging	**–**	**18,075**	**–**	**18,075**
Available for sale financial assets				
Equity securities	**1,977**	**–**	**–**	**1,977**
Total assets	**1,977**	**18,075**	**–**	**20,052**

2016	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
Assets				
Derivatives used for hedging	–	2,313	–	2,313
Available for sale financial assets				
Equity securities	3,364	–	–	3,364
Total assets	3,364	2,313	–	5,677

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last sale price. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

21. BUSINESS COMBINATION

ACCOUNTING POLICY

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

A. SUMMARY OF ACQUISITION – JOINT OPERATION

On 1 March 2016, New Hope Corporation Limited's wholly owned subsidiary, New Hope Bengalla Pty Ltd, acquired 40% of the assets and liabilities of the Bengalla Joint Venture. The Bengalla Joint Venture is a coal mining and extraction operation producing thermal coal in the Hunter Valley, New South Wales.

Details of the purchase consideration and the net assets acquired are as follows:

	NOTES	2016 $000
Purchase Consideration (refer B below)		
Cash Paid – Current Year		850,796
Purchase price adjustment receivable		(1,668)
Total Purchase Consideration		849,128
The fair value of assets and liabilities recognised as a result of the acquisition are as follows:		
Cash		4,748
Receivables		15,079
Inventories		12,464
Property, plant and equipment	10	829,532
Intangibles	11	41,500
Accounts payable and accruals		(18,386)
Provisions		(35,809)
Net assets acquired		849,128

B. PURCHASE CONSIDERATION

	NOTES	2016 $000
Outflow of cash to acquire subsidiary, net of cash acquired		
Total cash consideration		850,796
Less: Balances acquired		
Cash		(4,748)
Outflow of cash – investing activities		846,048

It is noted that incidental costs of acquisition have been incurred of $51,863,000 (stamp duty $44,738,000, financial advice $6,388,000 and other costs of $737,000) and these cashflows are recognised as outflows from operating activities.

C. SUMMARY OF ACQUISITION – OIL PRODUCING ASSET BUSINESS

During the year ended 31 July 2017, the Group acquired a business constituting the Kenmore Bodalla oil producing and exploration fields. This transaction constitutes a business combination. The Group acquired 100% of the interests in the Kenmore (PL32), Bodalla South (PL 31) and Blackstump (PL 47) oil producing assets. The acquisition also included two joint ventures: ATP 269 (Coolum/Byrock) Joint Venture (93.21%) and ATP 269 (Glenvale/Bargie) Joint Venture (93.9%).

The acquisition resulted in a cash outflow of $800,000 for the acquisition of oil producing assets of $13.3 million and the assumption of rehabilitation related provisions of $12.5 million. There were $248,000 of acquisition costs expensed in relation to this acquisition during the current year.

SIGNIFICANT JUDGEMENT AND ESTIMATE – ACQUISITION FAIR VALUE

The determination of the fair values of net identifiable assets acquired, and of any goodwill, involves significant judgement. The allocation of fair value between intangible assets, and the tangible assets with which they are used, is also judgemental. The Group engages third-party valuers to advise on the purchase price allocation for significant acquisitions.

22. INTERESTS IN OTHER ENTITIES

A. SUBSIDIARIES

Significant subsidiaries include New Hope Bengalla Pty Ltd, Bridgeport Energy Limited and NEC as well as companies identified in the Deed of Cross Guarantee in note 29.

B. JOINT ARRANGEMENTS

ACCOUNTING POLICY

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

JOINT OPERATIONS

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

JOINT VENTURES

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated Balance Sheet.

(i) Bengalla Joint Venture

On 1 March 2016, a subsidiary of New Hope Corporation Limited acquired a 40% interest in the Bengalla thermal coal mine in New South Wales. This joint operation is managed by BMC. BMC is owned proportionately by the Bengalla Joint Venture participants.

(ii) Lenton Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a joint operation to develop the Lenton project. The subsidiary has a 90% participating interest in this joint operation and is entitled to 90% of the output of the Lenton project. The Group's interests employed in the joint operations are included in the Balance Sheet, in accordance with the accounting policy described above.

(iii) Yamala Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a joint operation to develop the Lenton project. The subsidiary has an 70% participating interest in this joint operation and is entitled to 70% of the output of the Yamala project. The Group's interests employed in the joint operations are included in the Balance Sheet, in accordance with the accounting policy described above.

(iv) Cuisinier Joint Venture

A subsidiary of New Hope Corporation Limited entered into a joint operation in relation to the Cuisinier project. The principal activity of this joint operation is to extract oil from PL303. This project also includes the Barta and Wompi projects which undertake oil exploration on ATP752. The subsidiary has a 15% participating interest in the Cuisinier and Barta projects and 17.5% in the Wompi project and is entitled to 15% and 17.5% of the output respectively. The Group's interests in the joint operation are included in the Balance Sheet in accordance with the accounting policy described above.

CRITICAL JUDGEMENT – CLASSIFICATION OF JOINT ARRANGEMENTS AS A JOINT OPERATION

The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds with respect to the work programme and budget approval, investment decision approval, voting rights in joint operating committees and changes to joint arrangement participant holdings. Where the Group has control, judgement is also required to assess whether the arrangement is a joint operation or a joint venture.

23. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the accounts, are as follows:

	2017 $000	2016 $000
Controlled entities		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	**15,670**	14,249
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stage 1 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.	**12,194**	12,494
The Company's share of security provided by the bankers of the Benalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	**6,786**	6,636
No losses are anticipated in respect of any of the above contingent liabilities.		
Lines of credit		
Unrestricted access was available at balance date to the following lines of credit:		
Guarantee facility – available	**140,000**	135,000
Guarantee facility – utilised	**139,225**	118,411
Unused at balance date	**775**	16,589
The parent entity has given unsecured guarantees in respect of:		
Mining restoration and rehabilitation	**111,360**	91,667
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
Statutory body suppliers and financiers	**34,651**	33,380

No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.

24. COMMITMENTS

A. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property plant and equipment

	2017 $000	2016 $000
Within one year	**15,716**	14,709

B. LEASE COMMITMENTS: GROUP AS LESSEE

NON-CANCELLABLE OPERATING LEASES

The Group leases port facilities and has a share in commitments for minimum lease payments relating to property, plant and equipment under non-cancellable operating leases expiring within five to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The Group also leases office space and small items of office equipment under operating leases.

	2017 $000	2016 $000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**11,848**	10,387
Later than one year but not later than five years	**23,810**	27,501
Later than five years	**30,911**	37,166
	66,569	75,054

C. TAKE OR PAY COMMITMENTS

The Group has purchase obligations in relation to take or pay agreements which are legally binding and enforceable with rail, water and port service providers in respect of operating sites. The Group is meeting all financial commitments associated with a take or pay agreement with WICET despite not currently shipping coal through the terminal.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 6 September 2017, New Hope Corporation Limited, through its interest in the Lenton Joint Venture, has entered into a conditional agreement to acquire certain assets of the Burton mine in central Queensland. The Burton mine is adjacent to the Lenton project. The purchase will include $14 million cash consideration and the assumption of a rehabilitation liability associated with the assets to be acquired which include four mining tenements and related site infrastructure. The transaction is conditional on a number of regulatory and other requirements with completion expected to take place early 2018.

Acquisition costs of $545,000 relating to this purchase have been capitalised as property, plant and equipment in the year ended 31 July 2017.

26. RELATED PARTY TRANSACTIONS

A. PARENT ENTITIES

The parent entity within the Group is New Hope Corporation Limited. The ultimate Australian parent entity and controlling entity is WHSP, which at 31 July 2017 owned 59.65% (2016 – 59.65%) of the issued ordinary shares of New Hope Corporation Limited.

B. TRANSACTIONS WITH RELATED PARTIES

	2017 $	2016 $
Reimbursement of travel related expenses paid to Australian controlling entity	**875**	3,098
Dividends paid to ultimate Australian controlling entity	**29,741,785**	39,655,713

C. OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

No provision for impairment of receivables has been raised to any outstanding balances and no impairment expense has been recognised in the books of the parent entity in respect of amounts owing from subsidiaries.

D. TERMS AND CONDITIONS

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

E. KEY MANAGEMENT PERSONNEL

(I) DIRECTORS

The following persons were Directors of New Hope Corporation Limited during the financial year:

Chairman – Non-executive

Mr R.D. Millner

Non-executive Directors

Mr T.J Barlow

Mr W.H. Grant

Mr T.C. Millner

Ms S.J. Palmer

Mr I.M. Williams

Executive Directors

Mr S.O. Stephan

(II) OTHER KEY MANAGEMENT PERSONNEL

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

NAME	POSITION	EMPLOYER
Mr S.O. Stephan	Managing Director	New Hope Corporation Limited
Mr A.L Boyd	Chief Operating Officer	New Hope Corporation Limited
Mr M.J. Busch	Chief Financial Officer	New Hope Corporation Limited

(III) KEY MANAGEMENT PERSONNEL COMPENSATION

	2017 $000	2016 $000
Short-term employee benefits	**3,582,049**	3,552,534
Long-term employee benefits	**42,820**	54,325
Post employment benefits	**146,488**	147,962
Termination benefit	**–**	136,316
Share based payment	**307,810**	123,250
	4,079,167	4,014,387

Detailed remuneration disclosures can be found in sections (A) to (J) of the Remuneration Report on pages 33 to 38.

F. OTHER TRANSACTIONS OF KEY MANAGEMENT PERSONNEL

Mr R.D. Millner, Mr T.C. Millner and T.J. Barlow are Directors of WHSP, the ultimate parent entity of New Hope Corporation Limited and Pitt Capital Partners Limited. Pitt Capital Partners Limited acted as financial advisor to the Group for various corporate transactions during the 2016 financial year. All transactions were on normal commercial terms.

Aggregate amounts of each of the above types of transactions with the above were as follows:

	2017 $000	2016 $000
Financial advice	**–**	6,488,295

Directors are required to take all reasonable steps to manage actual, potential or perceived conflicts of interest. Directors are required to consider and notify the Company of any potential or actual conflicts of interest and Related Party transactions. Directors do not participate in any negotiations of transactions with related parties.

G. LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been made available to the key management personnel of the Group.

27. SHARE BASED PAYMENTS

ACCOUNTING POLICY

Share based compensation benefits are provided to employees via the New Hope Corporation Limited Employee Share Option Plan and the Rights Plan.

The fair value of options granted under the New Hope Corporation Limited Employee Share Option Plan and Rights granted under the Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options or rights. Options and rights are exercisable by current employees during the nominated vesting period or by Directors' consent. Rights vest at the nominated vesting date upon successful completion of applicable service and performance conditions. Detailed vesting conditions are set out in the Directors' Report.

The fair value of the rights is determined based on the market price of shares at the grant date, with an adjustment made to take into account the vesting period, expected dividends during that period that will not be received by the participants and the probability that the performance conditions will be met. The fair value of options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect the market vesting condition, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates is recognised in profit or loss with a corresponding adjustment to equity.

Rights are granted under the Rights Plan. Membership of the Plan is open to those senior employees and those Directors of New Hope Corporation Limited, its subsidiaries and associated bodies corporate whom the Directors believe have a significant role to play in the continued development of the Group's activities.

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the relevant service and performance conditions. Service and performance conditions applicable to each issue of rights are determined by the Directors at the time of grant. Total expense arising from rights issued under the Rights Plan during the financial year was $309,000 (2016 – $123,000).

Rights

Set out below are the summaries of rights granted under the plan:

	2017		2016	
	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS
As at 1 August	**$2.112**	**484,795**	$2.696	216,334
Granted during the year	**$1.635**	**468,247**	$2.084	414,841
Forfeited during the year	**–**	**–**	$1.875	(95,103)
Vested during the year	**$1.540**	**(19,618)**	$4.782	(51,277)
As at 31 July	**$1.885**	**933,424**	$2.112	484,795

The weighted average share price at the date of vesting of rights during the 2017 year was $1.60 (2016 – $1.91).

Share rights outstanding at the end of the year have the following expiry date and fair value at grant date:

			SHARE RIGHTS	
GRANT DATE	VESTING DATE	VALUE OF RIGHT AT GRANT DATE	2017	2016
17 Dec 2012	1 Aug 2016	$4.080	–	19,618
12 Dec 2014	1 Aug 2017	$1.581	50,336	50,336
20 Nov 2015	1 Aug 2017	$0.956	134,228	134,228
20 Nov 2015	1 Aug 2018	$1.083	280,613	280,613
22 Dec 2016	1 Aug 2019	$0.804	468,247	–
Total			**933,424**	**484,795**
Weighted average remaining contractual life of rights outstanding at end of period			**1.3 years**	1.5 years

28. PARENT ENTITY FINANCIAL INFORMATION

ACCOUNTING POLICY

The financial information for the parent entity, New Hope Corporation Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the financial report of New Hope Corporation Limited. Dividends received from subsidiaries are recognised in the parent entity's income statement rather than being deducted from the carrying amount of these investments.

A. SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2017 $000	2016 $000
Balance Sheet		
Current assets	**405,674**	172,305
Non-current assets	**1,173,107**	1,388,053
Total assets	**1,578,781**	1,560,358
Current liabilities	**345,814**	282,443
Non-current liabilities	**2,637**	1,700
Total liabilities	**348,451**	284,143
Shareholders'equity		
Issued capital	**95,772**	95,692
Reserves		
Share-based payment	**495**	266
Retained earnings	**1,134,062**	1,180,257
	1,230,329	1,276,215
Profit/(loss) for the year	**3,670**	(69,378)
Total comprehensive income/(loss)	**3,670**	(69,378)

B. GUARANTEES ENTERED INTO BY PARENT ENTITY

	2017 $000	2016 $000
Bank guarantees issued in relation to rehabilitation and utility obligations	**146,011**	125,047
	146,011	125,047

The parent entity has given unsecured guarantees in respect of mining restoration and rehabilitation. The liability has been recognised in the consolidated accounts of the parent entity in relation to its rehabilitation obligations however are not recognised in the parent entity Balance Sheet. See notes 13 and 23.

Further guarantees are provided in respect of statutory body suppliers with no liability being recognised by the parent entity as no losses are foreseen on these contingent liabilities.

28. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

C. CONTINGENT LIABILITIES OF THE PARENT ENTITY

Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the accounts, are as follows:

	2017 $000	2016 $000
Controlled entities		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	**127,030**	105,916
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stage 1 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.	**12,194**	12,494
The Company's share of security provided by the bankers of the Benalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	**6,786**	6,636

No losses are anticipated in respect of any of the above contingent liabilities.

D. CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 July 2017, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling nil (2016 – nil).

29. DEED OF CROSS GUARANTEE

A number of entities within the Group have entered into a deed of cross guarantee. New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral, New Oakleigh Coal Pty Ltd, New Acland Coal Pty Ltd, New Lenton Coal Pty Ltd, Andrew Wright Holdings Pty Ltd, Arkdale Pty Ltd and QBH are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under *Class Order 98/1418* (as amended) issued by ASIC.

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The above companies represent a "closed group" for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by New Hope Corporation Limited, they also represent the "extended closed group".

Set out below is the consolidated statement of comprehensive income for the year ended 31 July 2017 for the closed group:

	2017 $000	2016 $000
Revenue from operations	**504,053**	443,784
Other income	**21,972**	164
	526,025	443,948
Expenses		
Cost of sales	**(274,961)**	(283,149)
Marketing and transportation	**(126,806)**	(131,302)
Administration	**(7,569)**	(6,118)
Debt forgiveness	**(2,509)**	(97,862)
Other expenses	**-**	(6,377)
Profit/(loss) before income tax	**114,180**	(80,860)
Income tax expense	**(34,744)**	(5,022)
Profit/(loss) after income tax for the year	**79,436**	(85,882)
Other comprehensive income		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	**(4,031)**	2,455
Transfer to profit and loss for cash flow hedges, net of tax	**9,625**	15,294
Other comprehensive income for the year, net of tax	**5,594**	17,749
Total comprehensive income/(loss) for the year	**85,030**	(68,133)

B. CONSOLIDATED BALANCE SHEET

Set out below is a consolidated Balance Sheet as at 31 July 2017 of the closed group:

	2017 $000	2016 $000
Current assets		
Cash and cash equivalents	**215,492**	58,737
Trade and other receivables	**153,326**	138,142
Inventories	**48,587**	43,843
Derivative financial instruments	**10,200**	1,029
Current tax assets	**11,598**	-
Total current assets	**439,203**	241,751
Non-current assets		
Receivables	**906,009**	1,104,999
Other financial assets	**248,506**	248,506
Property, plant and equipment	**391,345**	399,570
Intangible assets	**7,726**	6,510
Exploration and evaluation assets	**55,473**	50,766
Deferred tax assets	**3,777**	15,393
Total non-current assets	**1,612,836**	1,825,744
Total assets	**2,052,039**	2,067,495
Current liabilities		
Trade and other payables	**59,977**	93,778
Lease liabilities	**2,356**	2,272
Current tax liabilities	**-**	18,203
Provisions	**39,279**	40,295
Total current liabilities	**101,612**	154,548
Non-current liabilities		
Lease liabilities	**10,232**	12,588
Provisions	**47,992**	44,498
Total non-current liabilities	**58,224**	57,086
Total liabilities	**159,836**	211,634
Net assets	**1,892,203**	1,855,861
Equity		
Contributed equity	**91,676**	91,596
Reserves	**44,105**	37,457
Retained earnings	**1,756,422**	1,726,808
Total equity	**1,892,203**	1,855,861

30. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

A. AUDIT SERVICES

	2017 $000	2016 $000
Audit and review of financial reports and other audit work under the *Corporations Act 2001*:		
Deloitte Touche Tohmatsu (Australian firm)	**371,500**	433,000
Total remuneration for audit services	**371,500**	433,000

B. OTHER SERVICES

Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint ventures	**24,000**	24,000
Accounting advisory services	**–**	33,000
Ernst & Young (2016: PricewaterhouseCoopers) (Australian firm)		
Audit of joint ventures	**42,000**	18,000
Total remuneration for other services	**66,000**	75,000
Total auditors'remuneration	**437,500**	508,000

31. OTHER ACCOUNTING POLICIES

A. FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is New Hope Corporation Limited's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

GROUP COMPANIES

The results and financial position of all of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the Statement of Comprehensive Income, as part of the gain or loss on sale.

B. GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

C. BORROWINGS

Borrowings are initially recognised at fair value, net of any transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the term of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

BORROWING COSTS

Borrowing costs incurred for the construction of a qualifying asset are capitalised. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

D. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 August 2016. None of these had a significant effect on the Group.

E. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

(i) *AASB 15 Revenue from Contracts with Customers* – AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 *Revenues*, AASB 111 *Construction Contracts* and related Interpretations. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also allows costs associated with obtaining a contract to be capitalised and amortised over the life of the new contract. The Group has undertaken a preliminary assessment of the new standard and does not consider its revenue recognition will be significantly affected. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2019.

(ii) *AASB 9 Financial Instruments* – There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group has completed a preliminary assessment and considers there will be minimal impact on its own hedging arrangements however a detailed review of the new rules is pending. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2019.

(iii) *AASB 16 Leases* – replaces AASB 117 Leases and some lease-related Interpretations and requires that all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The standard provides new guidance on the application of the definition of lease and on sale and lease back accounting. It largely retains the existing lessor accounting requirements in AASB 117. It requires new and different disclosures about leases. The Group is yet to undertake a detailed assessment of the impact of AASB 16 owing to the fact that the AASB will be first reported on at 31 July 2020.

(iv) IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – The amendments provide clarification with respect to recognition of particular types of deductible temporary differences and appropriate assumptions regarding future recoverable amounts with respect to assets in making the assessment of recoverability. The amendments are effective for the annual reporting period ending 31 July 2018 however will not have a significant impact on the Group as the clarifications align with the approach currently adopted by the Group.

(v) *IFRS 2 Classification and Measurement of Share-based Payment Transactions* – The amendments provide clarification with respect to accounting for cash-settled share based payment arrangements and withholding tax arrangements. The amendments are effective for the annual reporting period ending 31 July 2019 however will not have a significant impact on the Group as it does not have share based payments of this nature.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Directors' Declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 42 to 91 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2017 and of their performance, for the financial year ended on that date; and
b. there are reasonable grounds to believe that the Company will be able to pay its debts, as and when they become due and payable; and

The Basis of preparation on page 47 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 29 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Directors.

R.D. Millner
Director

S.J. Palmer
Director

Sydney
18 September 2017

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of New Hope Corporation Limited

Report on the Audit of the Financial Report

We have audited the financial report of New Hope Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 31 July 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Opinion

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001* , including:

(i) giving a true and fair view of the Group's financial position as at 31 July 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* , which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Carrying value of non-current assets

(refer notes 10, 11 and 12)

As at 30 July 2017 the Group has property, plant and equipment of $1,325 million, exploration and evaluation assets of $393 million and goodwill of $18 million which have been allocated across the Group's cash generating units ("CGUs") and areas of interest.

All CGUs containing goodwill must be tested for impairment on an annual basis. The determination of the recoverable amount of assets, being the higher of value-in-use and fair value less costs to dispose, also requires judgement on the part of management in both identifying and then valuing the relevant CGUs.

Recoverable amounts are assessed using either discounted cash flow or commodity resource multiple valuation techniques. These assessments are dependent upon management's view of key variables and market conditions including future commodity prices, the timing and approval of mining leases, future capital and operating expenditure, appropriate discount rates and comparable observable market transactions.

As disclosed in note 10 to the financial statements, a specific area of management judgement during the year has been their assessment of the impact of the changes to the legal environment and timelines surrounding the New Acland Stage 3 mine lease application on the recoverability of assets associated with the New Acland project.

As well as considering indicators of impairment, management must determine whether any indicators of reversal of previous impairments are apparent for assets other than goodwill.</td><td>Our procedures included, but were not limited to:
• evaluating management's assessment of impairment indicators, as well as indicators of impairment reversal, including the conclusions reached;

• engaging our valuation specialists to assist with assessing the reasonableness of management's key market related assumptions including future commodity prices, foreign exchange rate forecasts, discount rates and comparable transaction multiples. This included benchmarking against external data;

• evaluating that commodity resource multiples were determined with reference to appropriate comparable transactions taking into account the timing of those transactions, subsequent market changes, and the type of assets, their location, and their proximity to infrastructure;

• assessing the Group's progress with obtaining relevant mining leases, and, in relation to the Group's mining lease application for New Acland Stage 3, evaluating management's assessment of the impact of the changes to the project's legal environment and timelines including:
- obtaining an understanding of the potential legal implications and outcomes of the Queensland Land Court recommendation dated 31 May 2017 and the ongoing judicial review process subsequently initiated by the Group;
- assessing the Group's sensitivity and scenario analyses to determine whether the conclusions are reasonable and supportable given the status of the overall mine lease application process and the Group's legal advice;
- evaluating the key assumptions within management's modelling for reasonableness compared to historical actual performance and market benchmarks including in relation to prices, foreign exchange rates, production costs and growth rates; and
- verifying the mathematical accuracy of management's modelling.

• assessing the appropriateness of the disclosures in note 10, 11 and 12 to the financial statements.</td></tr>
<tr><td>Rehabilitation provision

(refer note 13)

As at 30 July 2017 the Group has provisions for mining restoration and rehabilitation of $108 million.

Management judgement is required in estimating the quantum and timing of future costs, particularly given the unique nature of each site, the long timescales involved and the potential associated obligations. This also requires management to determine an appropriate rate to discount these future costs back to their net present value.</td><td>Our procedures included, but were not limited to:
• evaluating the independence, competence and objectivity of managements expert and challenging the reasonableness of the assumptions used to produce the cost estimates prepared by management by verifying against actual costs incurred;

• validating the assumptions used to calculate the discount rates and recalculating these rates;

• confirming the existence of legal and/or constructive obligations with respect to the restoration and rehabilitation for each site;

• assessing the appropriateness of the intended method of restoration and rehabilitation and associated cost estimate for each site; and

• assessing the appropriateness of the disclosures in note 13 to the financial statements.</td></tr>
</table>

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Other Information

The directors are responsible for the other information. The other information comprises the Financial Summary, Directors' Report and Shareholder Information which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Review, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 38 of the Directors' report for the year ended 31 July 2017.

In our opinion the Remuneration Report of New Hope Corporation Limited for the year ended 31 July 2017, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants
Sydney, 18 September 2017

Glossary

TERM	MEANING
AASB	Australian Auditing Standards Board
Acland Pastoral	Acland Pastoral Company Pty Ltd
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
Australian controlling entity	Washington H. Soul Pattinson and Company Limited
ATP	Authority to Prospect
AWL	Associated Water Licence
bbl	Barrel – unit of volume for crude oil and petroleum products
BMC	Bengalla Mining Company Pty Ltd
bopd	Barrels of oil per day
bopm	Barrels of oil per month
Bridgeport	Bridgeport Energy Group
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
Company	New Hope Corporation Limited
Consolidated entity	New Hope Corporation Limited and controlled entities
COO	Chief Operating Officer
Corporation	New Hope Corporation Limited
DEHP	Department of Environment and Heritage Protection
DPM	Diesel Particulate Matter
EA	Environmental Authority
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPC	Exploration Permit – Coal
EPM	Exploration Permit – Mineral
FCTR	Foreign Currency Translation Resource
GKBA	Greater Kenmore and Bodalla Area
Group	New Hope Corporation Limited and controlled entities
GST	Goods and Services Tax
ha	hectares
HELE	High Efficiency Low Emission
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JORC	Joint Ore Resources Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

Glossary

TERM	MEANING
KMP	Key Management Personnel
KPI	Key Performance Indicators
LTI	Lost Time Injury
LTIs	Long Term Incentives
M	million
MACH	MACH Energy Australia Pty Ltd
MD	Managing Director
MDL	Mining Development Lease
ML	Mining Lease
MLA	Mining Lease Application
Mt	million tonnes
Mtpa	Million tonnes per annum
NAC03	New Acland Stage 3 Development
NCI	Non Controlling Interest
NEC	Northern Energy Corporation Ltd
New Hope	New Hope Corporation Limited
NHCL	New Hope Corporation Limited
NPAT	Net Profit After Tax
OCI	Other Comprehensive Income
parent entity	New Hope Corporation Limited
PCA	Potential Commercial Area
PEL	Petroleum Exploration Licence
PFL	Petroleum Facility Licence
PL	Petroleum Lease
POB	Port of Brisbane
PRRT	Petroleum Resources Rent Tax
QBH	Queensland Bulk Handling
QCA	Queensland Competition Authority
RPEQ	Registered Professional Engineers of Queensland
STEM	Science, Technology, Engineering and Mathematics
STIs	Short Term Incentives
TFA	Tax Funding Agreements
TRIFR	Total Recordable Injury Frequency Rate
TSA	Tax Sharing Agreements
TSR	Total Shareholder Return
USD	United States Dollar
WACC	Weighted Average Cost of Capital
WICET	Wiggins Island Coal Export Terminal

Tenements

PROJECT NAME	TENEMENT[1]	BASIN	DESCRIPTION
Coal			
Ashford	EL6234 EL6428	Surat Basin	The Ashford Coal Project is 50% owned by Laneway Resources Ltd and 50% owned by Northern Energy Corporation Pty Ltd within an area of the Ashford Coal Measures. It is the only commercial operation mining the Ashford Seam ('Ashford Colliery').
Bee Creek	EPC777	Bowen Basin	Location: Bowen Basin, Queensland; Product: PCI (pulverised coal injection)/Thermal coal; Exploration Status: Early exploration.
Childers	EPC1265	Maryborough Basin	EPC 1265 is centred approximately 3 kilometres east of the town of Childers, Queensland. Taroom Coal Pty Ltd applied for the tenure in March 2008, which was granted in September 2015, with the intent to explore for coal. The tenure is located in close proximity to the New Hope Colton Project.
Churchyard Creek	EPC1876	Bowen Basin	The Churchyard Creek tenement is located approximately 45 kilometres north of the town of Blackwater in Central Queensland. The primary focus of New Hope's exploration program is to evaluate the economic potential of EPC1876.
Chuwar	ML4659 ML4662 ML4667 ML4668	Clarence-West Moreton Basin	The Chuwar leases were operated from 1980 to 1984. In 2013 New Hope Collieries Pty Ltd, following extensive consultation with the Department of Natural Resources and Mines and the DEHP, commenced final rehabilitation of the site. A period of rehabilitation monitoring and maintenance is being undertaken.
Collingwood	EPC1322 EPC640 MLA55011 MLA55012 MLA55015 MLA55016	Surat Basin	The Collingwood Project is located approximately 15 kilometres north of the township of Wandoan, Queensland. The Group acquired full ownership of the Collingwood Project in 2015. The Surat Basin has been identified by New Hope as a strategic investment opportunity.
Colton	EPC1082 EPC923 ML50273 ML50274 ML50280	Maryborough Basin	Location: Near Maryborough, Queensland; Product: Coking coal; Mining method: Open cut; Development status: ML applications approved 3 May 2017.
Culgowie	EPC1205	Surat Basin	EPC1205: Culgowie is located approximately 10 – 15 kilometres north of the town of Wandoan. The tenure lies in the northern Surat Basin of South East Queensland. New Hope considers Culgowie to be a key component of the Elimatta Project for its proximity to the Leichhardt Highway and the State Development corridor for the Surat Basin Rail.
Elimatta	EPC1171 EPC1603 EPC650 MLA50254 MLA50270 MLA50271	Surat Basin	The Elimatta Project is located in the Western Downs Regional Council area in Southern Queensland, approximately 45 kilometres south-west of Taroom. The Elimatta Project is based on the development of a thermal coal resource (JORC 2012 compliant) of the Juandah Formation in the Surat Basin.

Tenements

PROJECT NAME	TENEMENT [1]	BASIN	DESCRIPTION
Inglewood	EPC970	Surat Basin	The town of Millmerran 25 kilometres to the north of EPC970: Darling Downs. The EPC extends some 10 kilometres west and 50 kilometres south of the town. The primary focus of the Group's exploration program is to further evaluate the economic potential of EPC970.
Jandowae	EPC760	Surat Basin	The tenement lies approximately 30 kilometres northwards across the township of Jimbour. This tenure continues to be explored for thermal coal deposits along with the wider Darling Downs Project area.
Jeebropilly	ML4677 ML4689 ML4690 ML4705 ML4710 ML4711 ML50082 ML50093 ML50132 ML50133 ML7186 PFL17	Clarence-West Moreton Basin	Jeebropilly Collieries Pty Ltd owns and operates the Jeebropilly Mine, which is located near Amberley, in the city of Ipswich in South East Queensland. Mining has been conducted at Jeebropilly since the late 1970s and the current project consists of 11 MLs and one Petroleum Facility Licence (PFL). The project is a thin seam open cut operation utilising truck and shovel methodology to extract thermal coal, which is predominantly sold to the export market. The project went into a care and maintenance period in 2007 and recommenced operations in 2008.
New Acland	EPC1136 EPC762 EPC919 MDL244 ML50170 ML50216 MLA50232 MLA700002	Surat Basin	Location: North-west of Oakey, Queensland; Operations: 2002 to present; Product: Thermal Coal; Mining method: Open cut; Production: 5.1Mtpa.
New Lenton	EPC1675 EPC766 EPC865 ML70337 MLA70456	Bowen Basin	Location: Bowen Basin, Queensland; Product: Coking/PCI (pulverised coal injection)/thermal coal; Mining method: Open cut; Development status: EIS commenced.
New Oakleigh	ML4568 ML4584 ML4675 ML4683 ML4698 ML4699 ML50175	Clarence-West Moreton Basin	New Oakleigh Coal Pty Ltd, a wholly owned subsidiary within the Group, is the holder of the seven MLs associated with the New Oakleigh Coal Mine. The mine is located approximately 2 kilometres north west of the town of Rosewood, in south-east Queensland. Last coal was extracted from the New Oakleigh Coal Mine in December 2012. Progressive rehabilitation was carried out during the mining operations and New Oakleigh Coal Pty Ltd continues to rehabilitate the site.
Pittsworth	EPC758 EPC761	Surat Basin	The Pittsworth Project is located in the Darling Downs region of South-east Queensland. The primary focus of New Hope's exploration programme is to further evaluate the economic potential of the Pittsworth Project tenures.

Tenements

PROJECT NAME	TENEMENT[1]	BASIN	DESCRIPTION
Taroom	MDL158 MDL275 MLA55006	Surat Basin	The Taroom Project and is located 9 kilometres east southeast of the town of Taroom. The Taroom project is being assessed as part of a programme of assets including Elimatta, Collingwood and Woori.
Taroom East	EPC2207	Surat Basin	EPC2207 is located 13 kilometres south-east of Taroom, and Taroom is located within the shire of Banana. EPC2207 is part of the Taroom Project, which is one of four Group projects in the North Surat Basin area.
Woori	MDL187 MLA50274 MLA50248	Surat Basin	The Group acquired full ownership of the North Surat Woori Project in 2015. The Surat Basin has been identified by New Hope as a strategic investment opportunity. The Group now holds a resource of thermal coal through several deposits including Taroom, Elimatta, Collingwood, and Woori.
Yamala	EPC927 MDL3007	Bowen Basin	The Yamala project is located approximately 35 kilometres east of Emerald, and 6 kilometres west of the town of Comet. The Project tenures lie in the central Bowen Basin, Queensland. The primary focus of New Hope's program for the Yamala Project is to further evaluate its economic potential.
Bengalla	ML1728 ML1450 ML1729 ML1397 ML1469 ML1711	Hunter Valley	Location: Whittingham Coal Measures of the Hunter Coalfields; Product: Thermal coal; Mining method: Open cut; Production 8.35Mtpa.
Minerals			
Courtenay	EPM18581 EPM19508	Mount Isa Inlier	The Courtenay tenement is deemed to have the potential to host Iron Oxide Copper Gold (IOCG) and Broken Hill Type (BHT) mineralised systems. The primary focus of the Group's exploration program is to further evaluate the economic potential of the Courtenay Project. Further desktop studies will continue to feed into a geological review.
Dobi	EPM19863	Mount Isa Inlier	The Dobi Project tenure is located 85 kilometres north, north-east of Cloncurry. The primary focus of New Hope's exploration program is to further evaluate the economic potential of the Courtenay Project. Further desktop studies will continue to feed into a geological review.
Laura	EPM19342	Laura Basin	The Laura Project tenure is located 50 kilometres north-east of Laura in North Queensland. Previous exploration activities have highlighted the potential for BHT zinc-lead-silver deposits.
Moonamarra	EPM18589	Mount Isa Inlier	The Moonamarra region is approximately 100 kilometres east south-east of Cloncurry in northwest Queensland. The Moonamarra tenement is known to be prospective for IOCG based on historical exploration BHT mineralised systems are also a focus for exploration.

Tenements

PROJECT NAME	TENEMENT '	BASIN	DESCRIPTION
Oil & Gas			
Cuisinier	PL 303	Eromanga	64 km'total – Bridgeport holds a 15% interest in the Cuisinier field located on the northern flank of the Cooper Basin. The field is operated by Santos and is producing net 6,000 barrels of oil per month (bopm) to Bridgeport.
Inland	PL 98	Eromanga	40 km'total – Bridgeport holds 100% interest and is the operator of the Inland oil field. The field is currently producing at 4,400bopm.
Utopia	PL 214	Eromanga	220 km'total – PL 214 is located southeast of the township of Eromanga in southwestern Queensland. The field presently produces at 3,200bopm.
Bodalla South	PL 31	Eromanga	258 'km'total – Bodalla South is producing at around 5,400bopm.
Kenmore	PL 32	Eromanga	258 'km'total – Kenmore is producing at 7,000bopm.
Black Stump	PL 47	Eromanga	28'km'total – Black Stump is producing at 700bopm.
Marcoola/Coolum/ Byrock	PLs 482/483/484	Eromanga	30'km'total – These fields are producing at 30bopm.
Maslins	PEL 641	Eromanga	1,954 km total – Expect grant of tenement by end 2017.
Playford	PEL 630	Cooper-Eromanga	393 km'– This exploration tenement is located on the prospective Western flank of the Cooper Basin and has potential for both oil and gas.
Barta	ATP 752	Eromanga	626 km – This exploration block (Bridgeport 15%) is adjacent to the Cuisinier oil field and newly-acquired seismic data will likely identify some drilling candidates. Santos operates ATP 752.
Wompi	ATP 752	Cooper-Eromanga	474 km2 – Bridgeport holds a 17.5% non-operated interest in the Wompi Block which is operated by Santos.
Coolum/Byrock	ATP 269	Eromanga	390 km'– This exploration tenement was acquired with the Kenmore assets.
	ATP 736 ATP 737 ATP 738	Cooper-Eromanga	6,400 km'– Bridgeport holds 20% of these exploration permits, which are operated by Senex. Technical studies are now underway to assess the oil and gas potential of these tenements that are located in the northeast sector of the Cooper Basin.
Jackson/Watson	Naccowlah PLs	Eromanga	1,477 km – This production project is operated by Santos. Bridgeport's 2% holding netted 900bopm.
Bargie	PL 256	Eromanga	15 km'– Bridgeport holds 93.9% of this shut-in oil field.
Nubba/Yilgarn	PCA 155	Cooper-Eromanga	91 km'– Bridgeport holds 17.5% of this gas project.
Barcoo Block	ATP 2025 ATP 2026	Cooper-Eromanga	310 km'/1,643 km – Bridgeport operates and hold 65% of this area, which is the subject of a PCA application.

Tenements

PROJECT NAME	TENEMENT '	BASIN	DESCRIPTION
Barcoo Jcn Block	ATP 2026	Cooper-Eromanga	82 km'– Bridgeport operates and holds 88% of this block, which is the subject of the PCA application.
Canaway	ATP 948	Cooper-Eromanga	2,007 km'– Technical studies are currently in progress to identify areas of prospectivity and future work.
Naccowlah Block	ATP 1189	Eromanga	1,065 km'– Bridgeport holds 2% interest in exploration tenement ATP 1189 that is located in the vicinity of the Jackson production facility, operated by Santos.
Morney	ATP 2022	Cooper-Eromanga	441 km'– Adjacent to the Inland oil field, ATP 2022 will be granted to Bridgeport in 2018.
Akama	ATP 2023	Cooper-Eromanga	434 km – This application area (adjacent to the Naccowlah project area) will be granted to Bridgeport in 2018.
Olba	ATP 2024	Cooper-Eromanga	421 km – This application area (adjacent to the Naccowlah project area) will be granted to Bridgeport in 2018.
	PEP 150	Otway	3,253 km – Beach Energy and Bass Oil & Gas are withdrawing. Bridgeport is likely to assume operatorship and increase its interest holding to 50% at no cost.
Arkarua	PEP 151	Otway	864 km'– This exploration permit is located near the town of Portland in southwest Victoria. No activity during the moratorium on onshore exploration.
Moonie	PL 1 (1)	Surat	201 km'– PL 1, the first petroleum lease in Queensland, is located in the eastern Surat Basin of southeast Queensland. The field is producing at approximately 4,500bopm.
Cabawin	PL 1 (2) PL 1 FO	Surat	1 km'/54 km'. This Bridgeport-operated oil field (54%) is currently shut-in, but is being technically assessed for future work and subsequent production.
Rookwood	ATP 608/PCA 156	Surat	229 km'– ATP 608 contains the Rookwood oil field, which produced oil on extended test from the Boxvale member prior to being shut-in by the prior operator.
Donga	ATP 805/PCA 161	Surat	153 km'– ATP 805 contains the Donga oil field, which produced oil on test from the basal Moolayember Formation prior to being shut-in by the previous operator.
	PL 15	Surat	259 km – Bridgeport holds 25% of this non-producing petroleum lease, which is operated by AGL Energy Limited.

Shareholder Information

As at 12 September 2017 there were 831,070,344 holders of ordinary shares in the Company.

Voting entitlement is one vote per fully paid ordinary share.

DISTRIBUTION OF EQUITY SECURITIES	NUMBER OF SHAREHOLDERS	FULLY PAID ORDINARY SHARES	NUMBER OF RIGHTS HOLDERS	ORDINARY RIGHTS
1 – 1,000	1,642	837,154	–	–
1,001 – 5,000	2,299	6,817,422	–	–
5,001 – 10,000	1,437	10,133,108	–	–
10,001 – 100,000	1,082	29,700,272	–	–
100,001 and over	92	783,582,388	3	748,860
	6,552	831,070,344	3	748,860
Holding less than a marketable parcel	535	58,937		

The names of substantial shareholders as disclosed in substantial shareholder notices received by the Company:

SHAREHOLDER	NUMBER OF SHARES	%
Washington H. Soul Pattinson and Company Limited	**495,696,418**	59.65%
Perpetual Limited and subsidiaries	**104,361,882**	12.56%
Mitsubishi Materials Corporation	**91,490,000**	11.01%

20 largest shareholders as disclosed on the share register as at 12 September 2017.

SHAREHOLDER	NUMBER OF SHARES	%
Washington H. Soul Pattinson and Company Limited	**495,696,418**	59.65%
Mitsubishi Materials Corporation	**93,240,000**	11.22%
HSBC Custody Nominees (Australia) Limited	**47,322,368**	5.69%
J P Morgan Nominees Australia Limited	**29,524,579**	3.55%
UBS Nominees Pty Ltd	**21,039,326**	2.53%
Farjoy Pty Ltd	**15,500,000**	1.87%
Domer Mining Co Pty Limited	**15,000,000**	1.80%
BKI Investment Company Limited	**14,815,952**	1.78%
BNP Paribas Noms Pty Ltd (DRP)	**8,938,805**	1.08%
Citicorp Nominees Pty Limited	**8,377,150**	1.01%
Taiheiyo Kouhatsu Inc	**4,054,000**	0.49%
Brazil Farming Pty Ltd	**2,675,977**	0.32%
UBS Nominees Pty Ltd	**2,434,836**	0.29%
J S Millner Holdings Pty Limited	**2,109,197**	0.25%
National Nominees Limited	**1,544,816**	0.19%
Milton Corporation Limited	**1,290,107**	0.16%
Dixson Trust Pty Limited	**1,225,596**	0.15%
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	**1,013,360**	0.12%
Robert Charles Neale	**900,000**	0.11%
Mr Mark Harris	**800,000**	0.10%
	767,502,487	92.36%

UNQUOTED EQUITY SECURITIES	NUMBER ON ISSUE	NUMBER OF HOLDERS
Rights issued under the New Hope Corporation Limited Employee Performance Rights Share Plan to take up ordinary shares	**748,860**	3

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