NEW HOPE
GROUP

2018
ANNUAL REPORT

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NEW HOPE CORPORATION LIMITED AND CONTROLLED ENTITIES CORPORATE DIRECTORY

DIRECTORS

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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

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ASX CODE: NHC

KEY HIGHLIGHTS

▲5%
TOTAL PRODUCTION
Saleable coal
9.0Mt

▲5%
TOTAL COAL SALES
8.9Mt

▲28%
REVENUE FROM OPERATIONS
$1,079M

▲96%
NPAT
Before non regular items
$253M

▲60%
EBITDA
$453M

▲40%
TOTAL DIVIDENDS
14 cents

Best full year profit before non regular items in the Company's 66 year history

Chairman's Review p2.

Chairman's *Review*

Dear Shareholders,

An increase in sales tonnages combined with strong coal prices over the past year has enabled your Company to return the best full year profit before non regular items in its 66 year history. These results demonstrate the strength of the production base built through the well timed acquisition of our current 40% interest in the Bengalla mine in addition to the continuing strong performance of our foundation New Acland and Jeebropilly operations.

Our continuing growth validates our long term confidence in the Asian coal markets and demonstrates New Hope's ability to successfully meet our customers' needs. Demand is forecast to continue to grow for high quality thermal coal in Asia and your Company is one of the very few independent Australian controlled companies able to implement a strategy to exploit this growth in demand.

The coming year will bring with it the end of an era at Jeebropilly as coal reserves are exhausted. However when one door closes another opens with the expansion of investment in Bengalla. Our recently signed binding commitment with Wesfarmers Limited to purchase a further 40% interest in the Bengalla Mine (subject to the pre-emptive rights of other Joint Venture parties) for $860m will provide us with majority interest in a Tier 1 thermal coal asset.

During FY2018, New Hope's overall production totalled 9 million tonnes of saleable coal, an increase of 5% on FY2017's total production. Total coal sales for FY2018 also saw an increase of 5% to 8.9 million tonnes.

Directors approved a final dividend of eight cents per share taking total dividends per share for the year to 14 cents fully franked at 30% compared to total dividends for the previous year of 10 cents per share fully franked.

Over the forthcoming year your Company will remain focused on achieving safe production at all its operations whilst also completing the acquisition of up to a further 40% interest in the Bengalla Mine. New Hope remains committed to securing the approval for the New Acland Mine Stage 3 Project (NAC03) following the successful Judicial Review decision of the Queensland Supreme Court and in doing so being able to provide ongoing employment for the circa 700 jobs reliant on the project.

Financial Performance

New Hope has reported a record net profit after tax (NPAT) and before non regular items of $253 million for the year ended 31 July 2018, an increase of 96% on the previous year. After non regular items the Company reported a NPAT of $149.5 million for the year ended 31 July 2018.

Revenue from operations increased by 28% from the 2017 financial year, totalling $1,079 million. Cash generation again remained strong with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before non regular items of $453 million up 60% on the previous year. The Company produced a positive cash operating surplus of $434 million (before interest and tax).

New Hope's share of coal production at Bengalla increased to 3.8 million tonnes providing the Company with a profit before income tax of $181.9 million. Oil production continued to increase at Bridgeport Energy with a record 373,875 barrels produced during FY2018. This led to a 56% increase in revenue with an EBITDA contribution of $8 million.

As a result of the recently increased charges associated with access to Wiggins Island Coal Export Terminal, which are materially higher than previously forecast and updates to the JORC reserves, the Directors have fully impaired the carrying value of the Colton exploration project's assets and recognised an onerous contract provision for the take or pay obligations associated with that project. NPAT has reduced by $103 million as a result of the impairment and onerous contract provision.

NET PROFIT AFTER TAX
(BEFORE NON REGULAR ITEMS)
$253M

REVENUE FROM OPERATIONS
$1,079M

EBITDA
$453M

Highlights

Safety continues to be a core value across all of our operations with Queensland Bulk Handling Pty Ltd (QBH) at the Port of Brisbane (POB) leading the way, extending its record of being Lost Time Injury Free (LTIF) to six consecutive years. The award winning **Live Well Work Well** program at Jeebropilly and New Acland has also gained positive recognition taking out a Queensland Mining Industry Health and Safety Award.

Jeebropilly was also a finalist in the Queensland State Training Awards and a winner of an Australian Business Award for Innovation due to the ingenuity of the maintenance crew who developed a safer truck braking system. New Acland also won Australian Business Awards for a new coal sorting process using x-ray technology and for work in communities around its operations, including its commitment to local procurement, industry skills programs and community consultation. The award also recognised New Hope's nine year partnership with RACQ LifeFlight Rescue which delivers aeromedical services and rural safety skills to locals living around New Acland Mine.

During May 2018 the Supreme Court of Queensland determined that the previous unfavourable Land Court recommendation in respect to the NAC03 be set aside and the matter referred back to the Land Court for further consideration. The Company has continued to progress applications for a Mining Lease (ML), Environmental Authority (EA) amendment and Associated Water Licence (AWL) and provided further information to relevant regulatory parties in support of these approval processes. The remitted Land Court hearing took place in early October 2018.

Away from the mine site, the Acland Pastoral Company Pty Ltd (Acland Pastoral) continues to mature as a farming operation taking on another 180ha of rehabilitated mined land handed over to pastoral operations from mining operations. Acland Pastoral has completed a five year cattle grazing trial on rehabilitated mined land that shows cattle on mined land perform as well as, or better, than cattle on unmined land. The size and quality of the herd continues to grow with breeder numbers currently at 2,529 head.

Conclusion

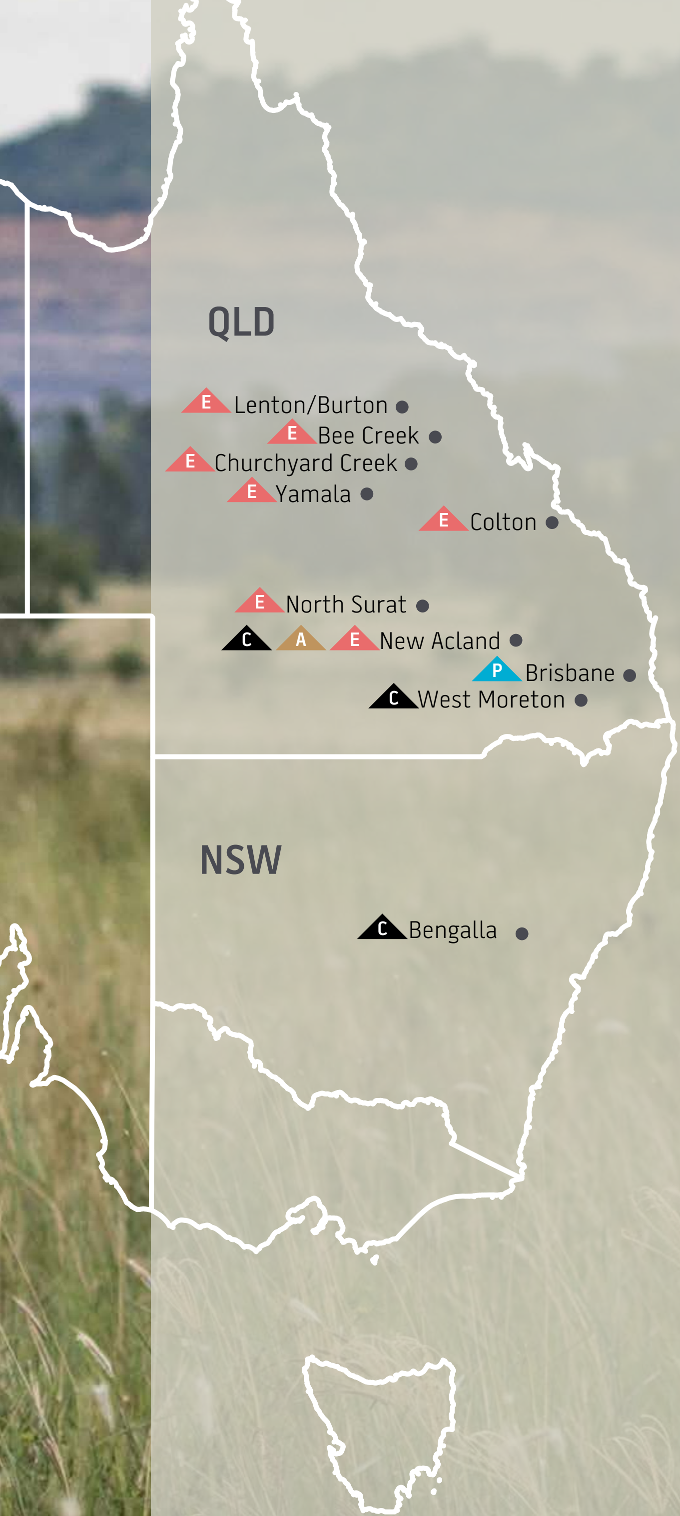
A strong Balance Sheet and patient investment approach has enabled the Company to lift its production base at the same time as Asian demand for high quality Australian coal continues to grow. Asia is becoming increasingly driven by a focus on sustainable, reliable and affordable energy and the Company is in an advantageous position to capitalise on the opportunity.

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 FACILITY

E **EXPLORATION & DEVELOPMENT**

E

EXPLORATION & DEVELOPMENT

LENTON/BURTON

PROJECT NAME
Lenton Joint Venture Burton Mine

LOCATION
Bowen Basin, Queensland

PROJECT AREAS
Burton Mine and Lenton Project Area

PRODUCT
Coking/PCI (pulverised coal injection)/thermal coal

MINING METHOD
Open cut

Lenton Joint Venture Burton Mine is a joint venture project (New Hope 90%, Formosa Plastics Group 10%).

- **BURTON MINE**

  Existing open-cut operation

  DEVELOPMENT STATUS
  Geological assessment of the Burton tenements and developing detailed plans for the re-commissioning of the infrastructure

- **LENTON PROJECT AREA**

  Neighbouring mine project

  DEVELOPMENT STATUS
  Progressing approvals for an Associated Water Licence (AWL) and an Environmental Protection and Biosecurity Conservation (EPBC) approval for the existing Mining Lease

NORTH SURAT

LOCATION
South West Queensland (near Taroom and Wandoan)

PROJECT AREAS
Elimatta, Taroom, Collingwood and Woori

PRODUCT
Thermal coal

MINING METHOD
Open cut

DEVELOPMENT STATUS
Pre-feasibility study (consisting of Elimatta, Taroom, Collingwood and Woori) advancing with a focus on infrastructure options analysis and progressing environmental baseline studies. The Elimatta Mining Lease application is well advanced and is progressing through the final statutory approvals process.

COAL & REHABILITATION

NEW ACLAND

LOCATION
North-west of Oakey, Queensland

OPERATIONS
2002 to present

PRODUCT
Thermal coal

MINING METHOD
Open cut, multi-thin-seam mining

BENGALLA

LOCATION
Hunter Valley, 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%).

WEST MORETON

JEEBROPILLY

LOCATION
Amberley, Queensland

OPERATIONS
1982 to present

PRODUCT
Thermal coal

MINING METHOD
Open cut, multi-thin-seam mining

NEW OAKLEIGH

LOCATION
Rosewood, Queensland

CURRENT ACTIVITIES
Monitoring program and on-going maintenance of previously rehabilitated areas and the development of a detailed rehabilitation plan for the New Oakleigh East rehabilitation area.

CHUWAR

LOCATION
Ipswich, Queensland

CURRENT ACTIVITIES
Monitoring program and on-going maintenance of previously rehabilitated areas.

PORT FACILITY

QUEENSLAND BULK HANDLING

QBH is a separate venture located at the Port of Brisbane. 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.

AGRICULTURE

ACLAND PASTORAL COMPANY

APC is a cattle breeding and cropping operation that owns more than 10,000ha of land on and around New Acland Mine. The operation runs largely on recycled waste water and provides a clear demonstration of the compatibility of mining and agriculture.

Operating and financial review

Compared to the previous corresponding period, the 2018 full year result benefited from:

- Increased production and sales driven by performance of the Bengalla operations;
- Increased coal prices in USD terms; and
- A lower AUD:USD exchange rate.

Partially offset by:

- Increased cost of sales as the Acland Mine nears the end of the Stage 2 life;
- Increased cost of sales arising from higher strip ratios at Bengalla; and
- A non regular impairment loss and onerous contract provision relating to the Colton exploration project.

NPAT (BEFORE NON REGULAR ITEMS)		FROM COAL MINING, MARKETING AND LOGISTIC OPERATIONS	FROM OIL OPERATIONS
$252.6M ▲ 96% from 2017	=	$252.8M	– $0.2M

NPAT (AFTER NON REGULAR ITEMS)		FROM COAL MINING, MARKETING AND LOGISTIC OPERATIONS	FROM OIL OPERATIONS
$149.5M ▲ 6% from 2017	=	$149.7M	– $0.2M

During the year the company generated a strong cash operating surplus of $433.9 million (before interest and tax) which is an increase of 39% on the 2017 result of $313 million.

BASIC EARNINGS PER SHARE (BEFORE NON REGULAR ITEMS)	BASIC EARNINGS PER SHARE (AFTER NON REGULAR ITEMS)
30.4 cents	18 cents
15.4 cents in 2017	16.9 cents in 2017

Directors have declared a final dividend of 8.0 cents per share (2017 – 6.0 cents per share). This dividend is fully franked and payable on 6 November 2018 to shareholders registered as at 22 October 2018.

Operations review

Coal operations, exploration and developments

TOTAL QUANTITY OF COAL SOLD

8.9Mt

▲ 5% from 2017

TOTAL PRODUCTION OF SALEABLE COAL

9.0Mt

▲ 5% from 2017

New Hope's two operating mines in South East Queensland (New Acland and Jeebropilly) combined to produce 5.2 million tonnes of saleable coal during the year ended 31 July 2018. Bengalla (New Hope's 40% interest) produced 3.8 million tonnes for the year.

NEW ACLAND COAL MINE

New Acland Mine produced 4.5 million tonnes of product coal in 2018. This is similar to the 4.6 million tonnes achieved in 2017. Full year production has been influenced by more difficult mining conditions as operations move into the final areas of the stage 2 lease.

During the year, New Acland implemented a new Personal Risk Management (PRM) tool and increased the number of PRMs completed on site by 113%. Staff Safety Interactions within the workforce also increased by 66%. Management remain focused on injury prevention and in 2019 will deliver refresher behavioural based safety training across the entire organisation.

New Acland's key achievements in 2018 include:

- Rehabilitating 50 hectares of mined land including the capping of an In Pit Tailings Dam;
- Maximising coal resource recovery particularly extracting coal from around old underground workings;
- Further progressing the gas/diesel hybrid engine trial, resulting in Mining Energy Solutions (MES) receiving a Queensland Mining Award for Innovation in conjunction with our project partners; and
- Partnering with the University of Southern Queensland to identify a major community development project that the Company will support financially.

NEW ACLAND

COAL PRODUCTION

4.5Mt

NEW ACLAND STAGE 3 DEVELOPMENT (NAC03)

On 2 May 2018 the Supreme Court of Queensland handed down its findings in respect to the Company's application for a Judicial Review of the 31 May 2017 Land Court of Queensland recommendation in respect to NAC03. The Supreme Court found grounds for review had been established in the areas of groundwater, noise and intergenerational equity with the consequence that it would be appropriate to order the Land Court's decision be set aside, and the matter referred back to the Land Court for further consideration.

The remitted Land Court hearing took place in early October 2018.

In response to the Judicial Review findings Oakey Coal Action Alliance (OCAA) initiated proceedings in the Court of Appeal. It is anticipated that this matter will be heard in early calendar year 2019.

The Company has continued to progress applications for a Mining Lease, Environmental Authority amendment and Associated Water Licence and provided further information to relevant regulatory parties in support of these approval processes.

NEW ACLAND EXPLORATION

The drilling program consisted of 31 open holes, 28 core holes and 4 groundwater monitoring bores holes totalling 5,770 metres. This allowed improved resource definition for the current operation and the NAC03 project.
An on-ground geophysical survey was completed to assist with fault delineation and reduce drilling requirements.

A relinquishment program of non-prospective tenure across the Darling Downs Region continued.

WEST MORETON OPERATIONS

The Jeebropilly Mine produced 0.7 million tonnes of saleable coal in 2018, in line with the prior year.

West Moreton's key achievements in 2018 include:

- A focus on Finishing Well at the Jeebropilly operations, which includes recovery of final coal by October 2019, and the design and executing of the final landform and rehabilitation plan;
- The training and development of our employees; and
- Continuation of the sites health and wellness programs which resulted in the program being recognised as a joint winner of the Queensland Mining Industry Best Health and Wellness Program Award.

JEEBROPILLY

COAL PRODUCTION

0.7Mt

Activity at West Moreton rehabilitation sites (New Oakleigh and Chuwar) included introduction of a monitoring program and on-going maintenance of previously rehabilitated areas and the development of a detailed rehabilitation plan for the New Oakleigh East rehabilitation area with an expectation of commencing these activities in the 2019 financial year.

QUEENSLAND BULK HANDLING

QBH, New Hope Corporation's 100% owned coal terminal at the POB, exported 7.2 million tonnes of coal on 93 vessels in 2018, which is slightly higher than 2017. QBH remains essentially a demurrage free port.

QBH's key achievements in 2018 include:

- Achieving 6 years Lost Time Injury (LTI) free;
- Implementing technology that provides remote and semi-automated inbound coal transfer systems;
- Maximising customer throughput through flexible work practices and stockpile availability; and
- Achieving two months of consecutive shipping at an annualised rate of 10mtpa.

Operations review
Coal operations, exploration and developments

BENGALLA JOINT VENTURE

The Bengalla Mine (100% basis) produced 9.4 million tonnes of coal in 2018 which is an increase of 10% on 2017 production. The Bengalla Joint Venture is operated by Bengalla Mining Company Pty Ltd (BMC).

Bengalla's key achievements in 2018 include:

- Excavating over 55 million bank cubic meters (bcm) of material;
- Focusing on operational efficiency with gains made in a number of operational areas;
- Commissioning of an additional digging unit to meet increased overburden requirements;
- Commencement of new water management and diversion project; and
- Growing its community involvement in particular in relation to education in the local area.

BENGALLA

COAL PRODUCTION

9.4Mt

During the year BMC settled the proceedings commenced in April 2017 in the Land and Environment Court of New South Wales against MACH Energy Australia Pty Ltd (MACH). This will facilitate the continued operations of the Bengalla Mine without interruption and allow Bengalla and MACH to work cooperatively moving forward.

On 7 August New Hope announced it had reached a binding commitment with Wesfarmers Limited to acquire their 40% interest in the Bengalla Mine (subject to the pre-emptive rights of the other Joint Venture parties) for $860 million. This acquisition demonstrates New Hope's long term commitment to the Bengalla Mine and a positive outlook for the global export thermal coal market. This acquisition is expected to settle early in the 2019 calendar year.

LENTON JOINT VENTURE BURTON MINE

In November 2017 the Lenton Joint Venture (New Hope 90%, Formosa Plastics Group 10%) settled the acquisition of the infrastructure and various tenements of the Burton Coal operation from Peabody Energy Australia Coal Pty Ltd. The tenements adjoin the Company's New Lenton Project area.

Following the acquisition, work has been focused on the geological assessment of the Burton tenements and developing detailed plans for the re-commissioning of the infrastructure.

Resource definition drilling at Burton focused on the Ellensfield South and Plumtree North Resource Areas. The program consisted of 141 open holes and 40 core holes, totalling 13,998 metres.

Resource definition drilling was also conducted at the neighbouring New Lenton tenement, with 18 open holes and 4 core holes drilled. An additional 10 groundwater monitoring bores were drilled to support the Lenton AWL application. Drilling at New Lenton totalled 4,281 metres.

Immediate work at Lenton is focused on securing an AWL and Environmental Protection and Biosecurity Conservation (EPBC) approval for the existing Mining Lease.

NORTH SURAT PROJECT

The North Surat Project pre-feasibility study (consisting of Elimatta, Taroom, Collingwood and Woori) advanced with a focus on infrastructure options analysis and progressing environmental baseline studies. The Elimatta ML application is well advanced and is progressing through the final statutory approvals process.

Resource definition drilling commenced in late July 2018, with one core hole drilled at Taroom during the reporting period. The drilling program will continue into the 2019 financial year.

COLTON EXPLORATION PROJECT

The geological model was externally reviewed and resources updated to be compliant with 2012 JORC code. As at the date of this report, work is ongoing regarding the assessment of the JORC reserves position of this asset. However it is not currently anticipated the reserve is capable of being recognised under the 2012 JORC code.

As a result of the recently increased charges associated with access to Wiggins Island Coal Export Terminal (WICET) which are materially higher than previously forecast and updates to the JORC reserves the Directors have fully impaired the carrying value of the Colton exploration projects assets and recognised an onerous contract provision for the take or pay obligations associated with that project.

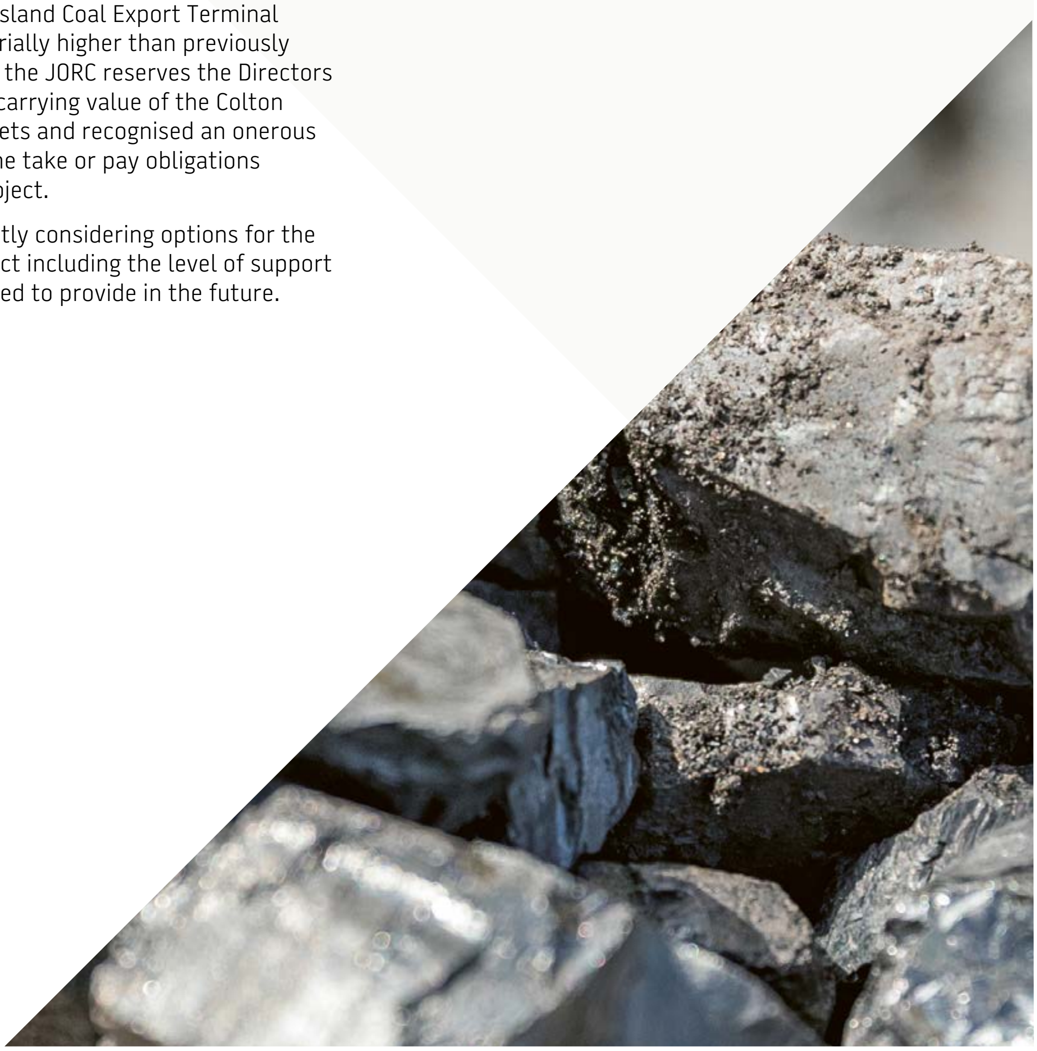
The Directors are currently considering options for the Colton exploration project including the level of support that the Group is prepared to provide in the future.

COAL DEVELOPMENT AND EXPLORATION

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.

An active exploration program utilising the Company's own drill rigs was advanced during the past year, with exploration activities focused on resource definition and groundwater monitoring bore installation at New Acland Mine and the Lenton Joint Venture Project in central Queensland. During the year 276 holes were drilled, totalling 24,049 meters.

The exploration team incurred no LTIs during the year and is currently over 4 years LTI free.



Operations review

Oil operations, exploration and pastoral activities

BRIDGEPORT ENERGY LIMITED

Oil production for Bridgeport was 373,875 barrels in 2018, a 21% increase on 2017. This significant increase in production was the result of the full year impacts of the Greater Kenmore Bodalla assets and improved production performance at the principal assets which was achieved without any lost time injuries.

Revenue for the year was $29.1 million against $18.7 million for the prior year, an improvement of 56%. Realised oil sales prices averaged A$88/bbl against the previous year of A$65/bbl. EBITDA was $8.0 million.

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 1,100 bopd.

Bridgeport's key achievements during 2018 included:

- Increased production due in part to a full 12 months of production from the Kenmore-Bodalla fields together with production optimisation from well workovers;
- Progressing the technical feasibility studies for the enhanced oil recovery project at the Moonie field in the Surat Basin;
- Providing drought relief in NSW by providing fresh water from the Moonie operation for stock suffering in the north-west of the state;
- Progressing farm-out opportunities for some of the larger exploration blocks in the portfolio; and
- Progressing ATP 2025/2026 unconventional shale hydrocarbon play continued with Potential Commercial Area (PCA) applications submitted over the area.

PASTORAL OPERATIONS

Acland Pastoral continued to build its breeding herd throughout the year. 2,511 cattle were sold during the year with a closing inventory of 2,529 breeders, 400 weaners and 76 bulls.

The cropping operation produced and sold 13,930 tonnes of sorghum and 794 tonnes of corn silage with an additional barley silage crop grown to support the weaning operation.

Another 180ha of rehabilitation on the New Acland ML was fenced and transferred back to pastoral operations for grazing activities. The majority of boundary fencing upgrades were completed through the year as part of a strategic fencing project.

The cattle grazing trial continued during the year to complete the five year sustainability trial. No further grazing trials are currently planned with the rehabilitation areas to be monitored as grazing continues on these sites. The grazing trials have shown that cattle on mined land perform as well as, or better, than cattle on unmined land.

Operations review

Resources and reserves

BUSINESS REVIEW

DIRECTORS' REPORT

FINANCIAL REPORT

OTHER INFO

CURRENT GROUP RESOURCES AND RESERVES

DEPOSIT	STATUS	COAL RESOURCES (MILLION TONNES) (COAL RESOURCES ARE INCLUSIVE OF THE RESERVES REPORTED BELOW)				
		INFERRED	INDICATED	MEASURED	2018 TOTAL	2017 TOTAL
New Acland *1	Mine	23	189	294	506	515
Bengalla * 2	Mine	116	141	165	422	187
Lenton * 3	Exploration	208	104	68	380	380
Yamala 4	Exploration	187	39	14	240	240
Colton *	Exploration	51	17	–	68	76
Elimatta *	Exploration	73	105	108	286	286
Collingwood *	Exploration	94	139	43	276	276
Taroom	Exploration	126	149	158	433	433
Woori	Exploration	–	–	84	84	84
Total		**878**	**883**	**934**	**2,695**	**2,477**

TOTAL COAL RESOURCES

2,695Mt

Notes on resources:

1 Resources are re-quoted from 2017, less depletion of what was mined between the reporting period.

2 Figures shown are 100% of total resources. New Hope share is 40%. The Resource has been altered in 2018 such that it is now inclusive of Reserves, which is the reason for the increase. The Resource number is as at 30 June 2018 and includes 73.8Mt of Inferred underground resource.

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

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

* 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.

JORC DECLARATION – COAL RESOURCES

The estimates of coal resources herein have been prepared in accordance with the guidelines of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code. These resources are inclusive of the reserves reported in the Reserves Statement and are as at 31/3/18 unless otherwise stated.

The resources for New Acland, Lenton, Yamala, Elimatta, Collingwood, Taroom, and Woori, have been re-quoted from the 2017 JORC reporting (less depletion), which was previously provided by Mr Patrick Tyrrell. Mr Tyrrell no longer works with the Group, and has given permission to re-quote these JORC Resources. The Bengalla Resources have been prepared by Marko Seppanen from Geomine Pty Ltd and the Colton Resources have been prepared by Barry Saunders from Q GESS Pty Ltd.

Mr Tyrrell, Mr Seppanen and Mr Saunders have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Tyrrell, Mr Seppanen and Mr Saunders consent to the inclusion in this report of the matter based on this information in the form and context in which it appears.

Operations review
Resources and reserves

TOTAL MARKETABLE RESERVES

497Mt

		COAL RESERVES (MILLION TONNES)						
		RECOVERABLE RESERVES				MARKETABLE RESERVES[4]		
DEPOSIT	STATUS	PROBABLE	PROVED	TOTAL 2018	TOTAL 2017	PROBABLE	PROVED	TOTAL 2018
New Acland[1]	Mine	125	256	381	390	68	138	206
Lenton[2]	Exploration	12	23	35	35	7	14	21
Elimatta	Exploration	29	96	125	125	17	66	83
Bengalla[3]	Mine	87	142	229	243	69	118	187
Total		**253**	**517**	**770**	**793**	**161**	**336**	**497**

Notes on Reserves:

1 37Mt of Recoverable Reserves are located in the Far East deposit which could be influenced by strategic cropping land legislation. The Reserves are based on those reported in 2017, less depletion.

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

3 Figures shown are 100% of total Reserves. New Hope share is 40%. Coal Reserves are as at 30 June 2018.

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

As at the date of this report the Company is not in a position to publish reserves for the Colton project under the 2012 JORC code and has therefore removed this project (and the prior period comparative) from the table above.

JORC DECLARATION – COAL RESERVES

The information in this Coal Reserves Statement that relates to coal reserves for New Acland, Lenton and Elimatta is based on information compiled by Mr Brett Domrow, who is a full time employee of the Company. The Coal Reserves Statement for Bengalla has been prepared by Mr Chris Dutton (Bengalla Mining Company). Mr Domrow and Mr Dutton 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 2012 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Domrow and Mr Dutton consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

TOTAL OIL RESERVES

5,581
T barrels

TOTAL OIL RESOURCES

11,405
T barrels

OIL RESOURCES AND RESERVES

The current group oil Resources and Reserves are tabled below.

RESERVES (NET)	1P	2P
Oil (thousand barrels)	3,229	5,581

RESOURCES (NET)	1C	2C
Oil (thousand barrels)	7,567	11,405

Notes:

1 Petroleum reserves have been prepared using principally deterministic methods, supported by field reservoir modelling where available.

2 Contingent resources (2C) have been estimated using a combination of deterministic and probabilistic assessments.

3 BEL aggregates reserves (1P, 2P and 3P) and contingent resources (1C, 2C and 3C) using arithmetic summation. Noting 3P and 3C reserves can be sited per the separate ASX announcement referred to below.

4 The economic assumptions used to evaluate each project are commercially sensitive. Reserves have been assesses as economic using discounted cash flow methods in compliance with PRMS guideline. Costs have been estimated using actual costs and reasonable estimates of forecast future costs. Oil prices have been forecast using reasonable estimates of future prices.

5 The reference points are at each field where crude oil is sold into a road tanker, except for the Surat where the reference point is Caltex in Brisbane and for Cuisinier and Naccowlah where the reference point is at the Moomba plant inlet.

6 Reserves reported include fuel consumed in operations at each field; totalling 321 1P and 533 2P.

7 In accordance with the SPE-PRMS guidelines, only infill wells or similar projects are captured as 2P reserves.

8 2C resources include: additional workover or drilling opportunities as per SPE-PRMS guidelines, uncommitted infill drilling opportunities, and enhanced recovery projects such as waterflood or CO2 miscible sweep.

The above oil reserves and resources are the subject of a separate ASX announcement dated 18 September 2018.

New Hope Group *Outlook*

The strategic outcomes and strong financial performance achieved in 2018 provide a very strong foundation for the year ahead.

In 2019, all coal operations are expected to produce at similar levels to the 2018 financial year. Continuing global demand for high quality Australian thermal coal is likely and with limited scope for increased supply, should see prices remain firm, which will continue to underpin strong results from this business segment.

It is expected that coal reserves will be exhausted at Jeebropilly Mine late in the 2019 calendar year. The focus will then transition to optimising the post mining land use. Jeebropilly is ideally located in close proximity to the city of Ipswich which provides attractive sale or development opportunities for industrial, commercial and residential use.

Timely NAC03 approvals will be critical to enabling production to continue at current levels beyond the 2019 financial year. While current prices may support mining additional coal within the Stage 2 lease area (subject to social and environmental approvals), the receipt of the EA, ML and AWL for the Stage 3 lease area are critical to the production outcomes for 2020 and beyond.

The resolution of the dispute with the neighbouring Mount Pleasant operation enables Bengalla Mine to operate unimpeded for the remainder of its life. Coal production levels for 2019 are expected to be consistent with 2018 production. Opportunities for further efficiency and incremental expansion will continue to be identified and assessed. Acquisition of up to an additional 40% interest in the Bengalla operations provide the Company with majority interest in a Tier 1 thermal coal asset. This will underpin the New Hope business for many years to come.

Bridgeport operations will continue to focus on incremental growth in the producing fields as well as targeted exploration activities. Interest in the oil and gas sector has continued to grow over the last 12 months and may present opportunities for Bridgeport over the coming year.

With global demand for high quality Australian coals continuing to rise, the Company's strong balance sheet and quality portfolio of operational and development assets represent a unique opportunity over the short, medium and long term.

Sustainability *Report*

WHO WE ARE

OUR VISION

New Hope is a successful diversified mining and energy business. We are proud of our achievements, and we care about our people and the environment. We will deliver sustainable growth and enduring shareholder value through our people and quality assets.

OUR VALUES

Our strong culture enables us to deliver positive outcomes to the stakeholders of our business. We invest in training, systems and processes to ensure that our people are skilled and supported to protect and enhance their wellbeing.

New Hope's Core Values are the principles which the Company and individuals live by, and which guide our decisions. Our Core Values underpin what we do and how we do it.

INTEGRITY	We are ethical, honest and can be trusted to do the right thing.
RESPECT	We listen to our stakeholders and treat others as we expect to be treated ourselves.
SAFETY	We share a mutual responsibility to prevent harm and promote wellbeing.
SUCCESS	We take pride in the achievement of our goals, being innovative and making a positive difference.
RESILIENCE	We strive to achieve long-term sustainability by navigating through change and uncertainty.
ACCOUNTABILITY	We act in accordance with our obligations, deliver on our commitments and take responsibility for our actions.

OUR DIFFERENTIATING FACTORS

Our business model draws on a number of differentiating factors to produce, transport and market coal in a safe and sustainable manner to a growing Asian market, and to support regional economic growth and address energy affordability, reliability and sustainability requirements.

Quality product and assets	▶ Consistent quality coal with desirable value in use characteristics; ▶ Excellent combustion and handling characteristics; ▶ Environmental advantages, including low levels of trace elements, sulphur and nitrogen; ▶ Dedicated stockpile capacity at coal export terminals.
Established access into growing markets	▶ Long-established relationships with clients; ▶ Our coal is highly regarded by premium Asian markets – burnt by Japanese utilities as a 'single burn' coal product; ▶ Freight cost savings due to voyage duration and short vessel queue over competitor ports.
Engaging leadership and skilled employees	▶ Positive culture and robust corporate governance; ▶ Experienced management team focused on safe production, customer service and stakeholder management; ▶ High employee retention rates.
Efficient operations	▶ Innovative technologies developed to improve fuel efficiency; ▶ Recycled waste water used for dust mitigation and irrigation activities; ▶ Integrated supply chain management delivering in full and on time; ▶ Despatch port, with protection from most prevailing weather conditions.
Stakeholder acceptance/approval	▶ Proactive stakeholder engagement; ▶ Targeted community investment strategies and initiatives; ▶ Focus on community needs – employment/procurement/investment.

This translates into **tangible** and **sustainable** value for our stakeholders and allows the Group to achieve resilience in its operations across the value cycle:

Stakeholder	How New Hope generates value
Investors	We generate a sustainable return for our investors, supported by responsible operational decisions that consider short, medium and long-term variables.
Employees	We provide our employees with economic benefits, a pathway to achieve career aspirations, and a diverse and inclusive workplace that supports their safety and wellbeing.
Customers	We provide our customers with high-quality, reliable supply to meet their growing energy needs.
Suppliers	We prioritise local suppliers, which promotes regional economic growth and supports the communities in which we operate.
Community	We generate economic growth and employment within the areas in which we operate. We have an active focus on development of our communities through education, health and employment outcomes.
Government and regulators	We contribute tax and other payments to governments at federal, state and local levels.

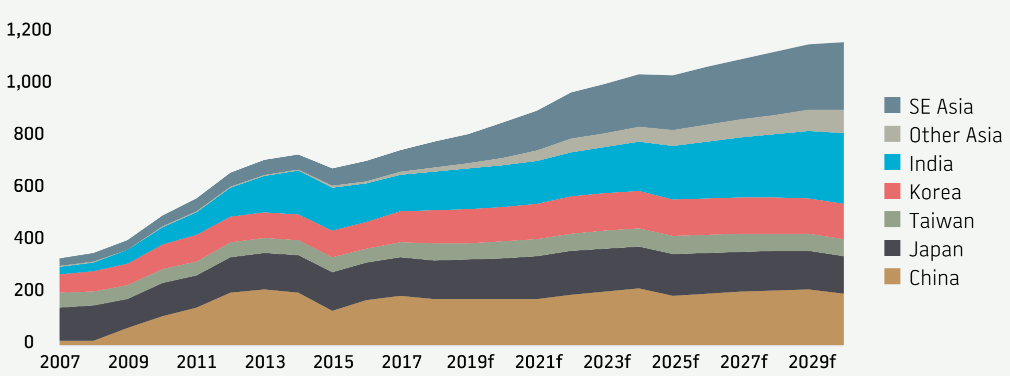
RESILIENCE ACROSS THE VALUE CYCLE

We take a lifecycle perspective on sustainability, meaning that we want our activities to minimise negative impacts and enhance positive outcomes for people, society and the environment, right from our first exploration activities through to rehabilitation and mine closure.

OUR MARKETS

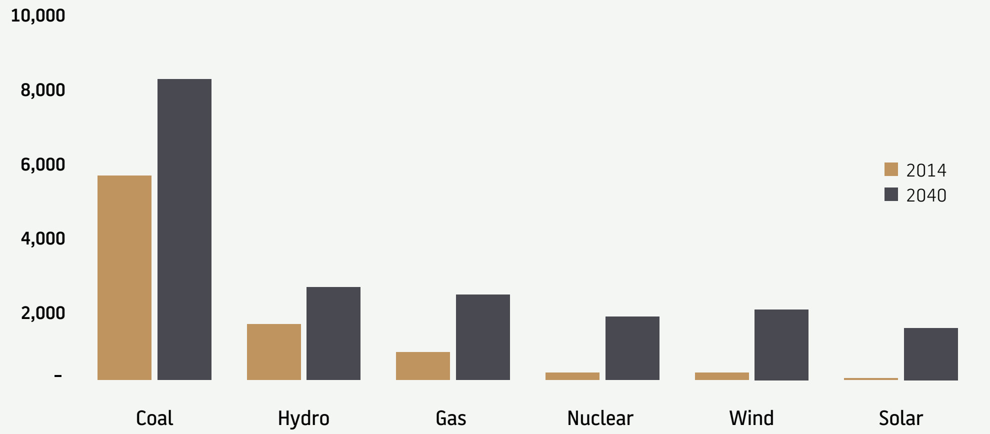
Australian thermal coal is widely recognised as the 'coal of choice' for the growing Asian market because of its high energy content and favourable environmental attributes. Demand for our product is expected to continue to grow over the short and long-term in line with global demand for energy, which is largely driven by Asian infrastructure needs to service a growing population.

ASIAN THERMAL COAL IMPORTS (MT)



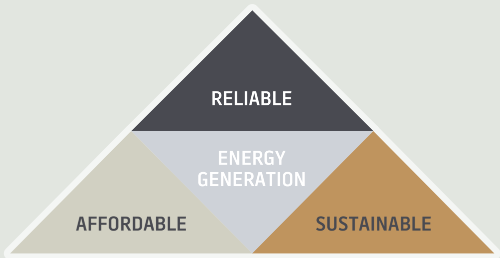
Source: Commodity Insights, Market Demand Study: Australian Export Thermal Coal

ASIAN ELECTRICITY FORECAST TO 2040 BY GENERATION SOURCE



Source: International Energy Agency, World Energy Outlook, 2016. Minerals Council of Australia, Presentation to Coalition Resources and Energy Committee 2017.

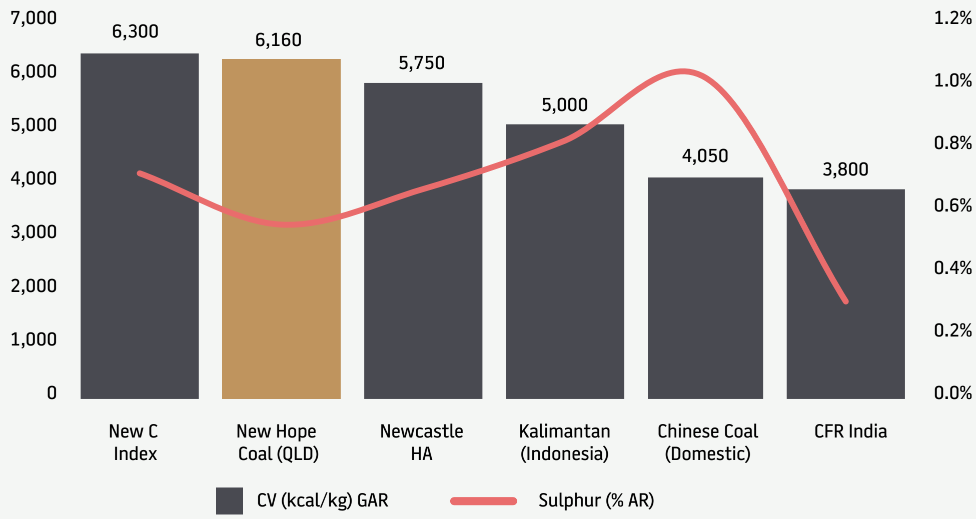
Demand for coal is supported by an increasing focus at a global, national and regional level on the importance of balancing reliability, affordability and sustainability in energy generation.



New Hope is well positioned to continue being a supplier of choice to the Asian coal import markets for the following reasons:

- **Coal quality attributes**
  High calorific value, low levels of trace elements, sulphur and nitrogen which result in low emissions of atmospheric pollutants, and comparatively higher organically bound hydrogen than other thermal coals – reduced emissions intensity per unit of electricity generation

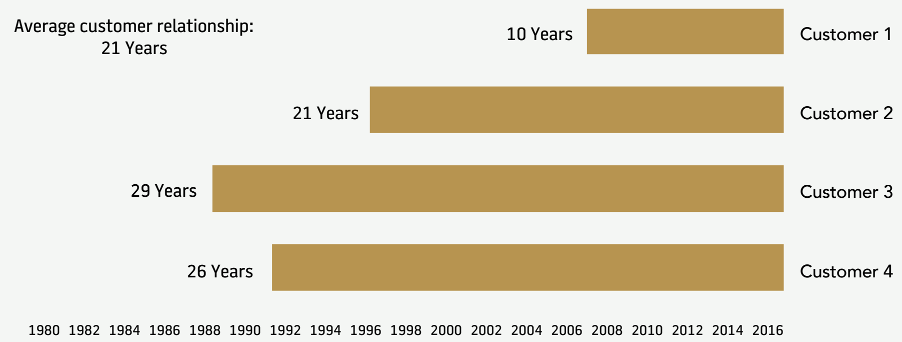
THERMAL COAL BENCHMARKING



Source: New Hope Group (median coal quality across product grades) and S&P Global Platts (April 2018).
Newcastle HA Index adjusted to GAR.

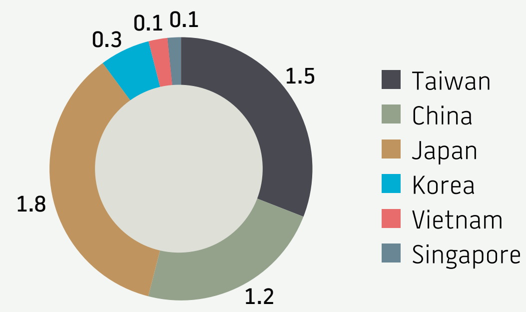
- **Long-standing customers**
  In key Asian markets, as well as growing client bases in newer Asian markets, such as India.

TOP 4 CUSTOMER RELATIONSHIPS BY FY2017 BY CONTRACTED TONNAGE



- **Integrated management of supply chain**
  from mine to port, which provides customers improved reliability of supply
- **Diversified customer base in Asia**
  which ensures the company is resilient to potentially abrupt changes in government regulation regarding the import of coal.

ASIAN EXPORT TONNES 2018



NEW TECHNOLOGIES

The coal and power generation industries are continuing to invest in technologies to become more efficient and cleaner. Key examples of this include:

- Development and implementation of new high efficiency, low emissions (HELE) power generation technologies. The new HELE coal-fired power plants burn significantly less coal and generate significantly fewer emissions per unit of energy generated.

	Efficiency rate+	CO2 intensity (g CO2/kWh)	Coal consumption (g/kWh)	Steam temperature (°C)
Advanced ultra-supercritical	**45–50%**	670–740	230–320	700+
Ultra-supercritical	**Up to 45%**	740–800	320–340	600+°
Supercritical	**Up to 42%**	800–880	340–380	Approx. 550–600°
Subcritical	**Up to 38%**	>880	>380	<550°

Source: Minerals Council of Australia – New Generation Coal Technology Report dated 21 February 2018

- Development of Carbon Capture and Storage (CCS) technology to capture and store carbon dioxide emissions.

CASE STUDY

EMISSIONS EFFICIENCY: HYBRID MINING TECHNOLOGY

An innovative dual fuel mining truck trialled at New Acland Mine could become standard across the mining industry, reducing emissions and lowering costs while maintaining required performance.

Developed by MES, the High Density Compressed Natural Gas truck uses sequential gas injection for the conversion of high horsepower diesel engines from 100 per cent diesel to dual fuel operation, using natural gas as the dominant fuel.

The truck trial was recognised at the Queensland Mining Awards, winning the JCB CEA Project Innovation Award for its standout ability to lower emissions and operational costs.

OUR HEALTH AND SAFETY FOCUS

We strive to ensure that our people remain free from work-related injury and illness and that their work environment is both safe and healthy.

Our focus on health and safety aims to:

- Reduce the number and severity of workplace injuries and occupational illnesses;
- Improve overall employee health and wellbeing;
- Foster a culture of personal accountability for safety throughout our organisation; and
- Progressively improve systems and processes.

The Group has recently completed the first five years of its reinvigorated safety strategy underpinned by the following key focus areas:

PEOPLE	PRACTICES	ENVIRONMENT
▶ Health ▶ Safety Leadership ▶ Communication ▶ Accountability	▶ Training ▶ Safety Measurement and Analysis ▶ Risk Management ▶ Incident Management ▶ Contractor Management	▶ Fit for Purpose Equipment ▶ Use of Technology

This year we have reinforced our safety training, improved our incident management process, introduced a more structured approach to risk management and hazard identification, and implemented fatigue management technology.

Our signature Live Well, Work Well health and wellness program aims to improve the health and wellbeing of our workforce both in and outside the workplace. The program gives New Hope employees access to health professionals like doctors and psychologists, and delivers monthly toolbox talks on health-related topics like stress management, with 77% of employees indicating a positive change to their health.

CASE STUDY

MENTAL WELLNESS: R U OK? DAY

In 2018, New Hope transformed heavy haulage trucks into symbols for mental health awareness at our New Acland and Jeebropilly mining facilities. Mine service trucks are one of coal mining's most visible pieces of machinery, and now feature two giant R U OK? stickers from the R U OK? Day Organisation.

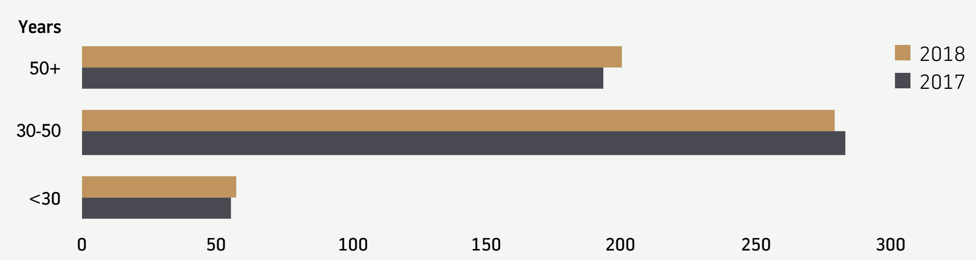
New Hope is a strong supporter of mental health awareness across the organisation and in the wider community. The organisation has been working tirelessly to make mental wellness a priority within the business, ensuring all employees feel supported at work. During 2018 we expanded our focus to support mental health programs in the regional community, including a family health expo aimed at shift workers and fundraising for a local mental health initiative in Toowoomba.

OUR PEOPLE

We value our people. We want our workforce to have a sense of purpose and the opportunity to achieve their career aspirations. Our focus over many years has been to ensure the culture of New Hope fosters a high-performing and engaged workforce, with a focus on training and development, diversity and inclusion, safety and wellbeing, and recognising exceptional performance.

We believe in a workplace where everyone is treated fairly and with respect. We strive to ensure all individuals are provided with equal opportunity in all aspects of employment. We also offer flexible working arrangements such as part time work to accommodate individual circumstances. Not only does this foster positive relationships at work, it directly supports a high-performing organisation.

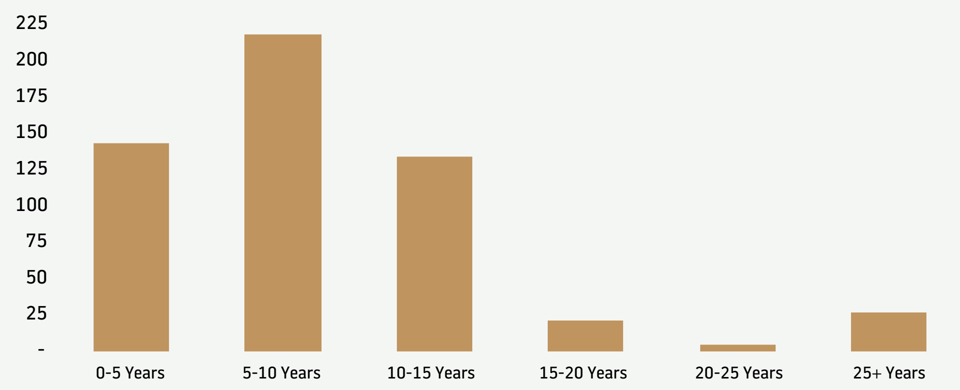
NEW HOPE GROUP – AGE DIVERSITY (#OF FTEs)



To support our people we offer **Mates Helping Mates**, a peer support program as well as a confidential Employee Assistance Program available 24/7, free of charge to all New Hope employees (and their families) to address any work or personal issues.

New Hope generates value by investing in our people to support and attract high-performing staff in an increasingly competitive industry. A testament of the value delivered by our investment in people is that New Hope has one of the lowest employee turnover rates in the Australian coal mining industry and an enviable record for employee length of service.

LENGTH OF SERVICE (CURRENT FTEs)



Training and development is a critical element of our workforce planning. We grow talent by training our employees within the workplace as well as supporting them to undertake further education. During 2018, New Hope commenced its pilot program ‘Leading Others’, to support frontline supervisor roles to develop relevant skillsets. The Group will expand this program to all leaders and is currently in the process of developing a ‘Leading Leaders’ program.

CASE STUDY

NEW HOPE'S 25 YEAR CLUB

We are proud to have a dynamic workforce with a strong culture of long-serving employees. We believe it is important to recognise the value these employees deliver to the organisation through their dedication to our business through long tenure.

Many of our employees have been inducted into our 25 Year Club, which was established in 2012 to recognise the dedication of long-term employees both past and present.

The 25-Year Club celebrates the careers of 45 New Hope employees. We celebrate the success of this group by holding an annual dinner, which all members and their partners are invited to attend along with the Executive Leadership Group, to acknowledge these members' contribution to New Hope.

OUR COMMUNITY

We aim to be an integral and accepted part of the communities where we operate. To achieve this, we engage proactively with stakeholders and invest in our local communities, giving time, skills and financial support, and developing genuine partnerships as the building blocks to sustainable futures.

New Hope was named the 2018 ABA100 Australian Business Award Winner for Community Contribution for its work and programs in communities around its operations, including its commitment to local procurement, industry skills programs, community consultation and its LifeFlight Partnership. In 2018, our renewed partnership with LifeFlight saw a 'Rural Safety Project' delivering rural safety education workshops to local school students. We also continued to deliver our industry skills program to schools in partnership with the Queensland Minerals and Energy Academy.

A major focus for our Community Investment Fund in 2019 is a multi-year initiative, in partnership with the University of Southern Queensland, to develop a suite of community development programs aimed at ensuring the longer-term viability of our regional communities.

THE AUSTRALIAN BUSINESS AWARDS®
ABA100
COMMUNITY CONTRIBUTION WINNER 2018
RECOGNISING AUSTRALIA'S BUSINESS, INNOVATION & TECHNOLOGY LEADERS

PROCUREMENT

We focus on working with local suppliers to maximise socio-economic benefits for our local communities. Our procurement policy supports both existing and prospective suppliers who operate in close proximity to our operations. This is delivered through pro-active engagement at community events and information sessions to build a sustainable value chain for all parties.

Through contractual agreements with suppliers of goods and services, we aim to ensure that all suppliers adhere to New Hope's high standards, articulated in our Code of Conduct and other corporate governance policies. New Hope also complies with all applicable Australian and international laws in the supply chain and we recognise the significance of potential modern slavery risks. We are reviewing our procurement practices to ensure adequate identification and management of modern slavery risks within New Hope's supply chain.

CASE STUDY

OUR LOCAL SUPPLIER: IRELAND ENGINEERING, OAKEY

Ireland Engineering is a full-service engineering business and long-term local supplier to the New Acland Mine. Started by Oakey locals Clint and Fiona Ireland in 1999, it has since grown to a staff of 31 employees and contractors. Now an important local employer, Ireland Engineering provides services to both the mine and the local district, and has worked in partnership with New Hope to build capacity to support the mine's growing operational and maintenance needs.

The mine and Ireland Engineering have worked closely together to design and produce an array of specialised mining components with design being overseen by New Hope, and engineering and manufacturing performed by Ireland Engineering at the mine site.

Partnering with the mine has allowed Ireland Engineering to upskill its workforce and broaden its capacity, allowing the business to grow and better serve both the mine and the wider local area.

OUR ENVIRONMENT

New Hope aims to minimise its impact on the environment through each phase of the mining process (Exploration, Development, Operation, Rehabilitation and Final Land Use). Environmentally responsible, ethical and effective business practices are part of the way we do business.

Significant areas of focus across our operations include:

- Water management

  Recognising that water is a valuable resource for the community, all our sites have water management plans in place.

  New Acland Mine minimises its impact on the groundwater system by utilising its 45.1 kilometre pipeline to transfer recycled waste water from Toowoomba's Wetalla Waste Water Reclamation Facility to the Acland Mine site for use in operations. This recycled waste water is the primary source of process water for the mine site, as well as a water source for Acland Pastoral property cattle and cropping operations around the mine.

- Energy consumption and emissions

  We closely manage and optimise our energy usage. We report on emissions, energy consumption and energy production to the Clean Energy Regulator in accordance with the National Greenhouse and Energy Reporting legislation. We also report annually under the National Pollutant Inventory legislation.

  New Hope continually identifies opportunities to reduce both energy usage and emissions intensity across operations.

- Management of tailings storage facilities

  Our tailings storage facilities are subject to an annual inspection 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.

  As part of the management plans, quarterly inspections are conducted over tailings storage facilities. Our approach includes proactive management of waste in decommissioned tailings cells.

CASE STUDY

TAILINGS DAM CAPPING

Applying its industry-leading approach, New Acland progressed and finalised areas of tailings dam capping.

New Acland uses a combination of low ground pressure (D6 LGP) swamp dozers and D10 dozers. The low ground pressure equipment allows the spread of thin layers of coal rejects over the drier crusted tailings due to their lightweight and permeable qualities, which bind together once dry.

New Acland has completed the capping and seeding of one 16 hectare tailings dam and currently has two tailings dams over 50% capped, with plans to materially complete capping works during 2019.

- **Air quality and noise**

We strive to minimise noise and disturbance from our mine sites. New Acland operates a continuous noise monitoring system that assists to manage noise observed outside the mine site. It has also installed electric horns and significant noise attenuation hardware on its mobile fleet to reduce the noise generated from its operation.

We monitor and publish the results of air quality testing near our operations. New Acland has continuous air quality monitoring at its rail load out facility near Jondaryan and publishes the results monthly. Dust monitoring is undertaken by the Department of Environment and Science along the Western Rail Corridor including Cannon Hill, Fairfield and Toowoomba, with reports published online. The port facility (QBH) reports results of neighbouring suburb Wynnum North online.

- **Land management and biodiversity**

New Hope has an extensive rehabilitation program and has achieved considerable success in returning mined land into productive assets as mining activities are completed. In 2018, Acland Pastoral finalised scientific grazing trials which assessed the performance of cattle grazing operations on rehabilitated land. Results of the trial showed. the rehabilitated land was a stable, safe environment for grazing, with productivity at least as good as (if not better than) equivalent pastures on unmined land. The New Acland mine is currently in the process of applying for certification of around 380 hectares of fully rehabilitated land with the environmental regulator, the Department of Environment and Science.

CASE STUDY

WEED MANAGEMENT AT ACLAND PASTORAL

Boxthorn and tree pear eradication continues at Acland Pastoral. Acland Pastoral has developed a boxthorn puller Bobcat attachment which enables the removal of Boxthorn with little or no debris fallout.

This attachment and associated removal process ensures near on zero regrowth and removal at a considerably reduced cost. Tree pear eradication will continue with 571 hectares treated and 167 hectares planned for 2019.

▶ **Sustainable closure activities**

Our closure plans are an integral part of the mining life cycle and ensure that we deliver enduring long-term value for all stakeholders. Through careful planning and diligent execution, we deliver viable long-term outcomes for our employees, the community, the environment and our shareholders.

West Moreton mining operations will cease coal production in late 2019. We have established the West Moreton Closure Steering Committee to co-ordinate the closure plan for this operation with a focus on Finishing Well and honouring the legacy of those who developed and operated this asset over more than 30 years. The Steering Committee will oversee and implement the closure plans with a focus on:

- Rehabilitation
- Removal and repurposing of physical assets
- Proactive engagement with the community, customers, suppliers and employees
- Assisting our employees to transition into new roles, industries, or retirement.

Final rehabilitation plans and optimised final land use options are currently being developed for the Company's significant land holdings in the greater Ipswich area.

OUR PERFORMANCE AT A GLANCE

The performance of sites within New Hope's operational control are outlined below.

SAFE OPERATIONS AND HEALTHY WORKFORCE

Our Total Recordable Injury Frequency Rate (TRIFR) had been on a downward trajectory since 2014, however the current year has seen a shift higher. As a result, the business has renewed its focus on PRM tools and safety interactions with a refresher to the 'i-Safe/we-Safe' program commencing in 2019. Conversely, QBH achieved 6 years or 600,000 man hours LTI free.

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Fatalities (employees and contractors)	# People	Nil	Nil
Total recordable injury frequency rate per million hours worked (employees and contractors) [1]	# People	18	5
Lost time injury rate per million hours worked (employees and contractors)	# People	10	2
Safety interactions (operated mine sites only) [2]	#	6,272	2,222

\# Number of.

1 Industry average Total Recordable Injury Frequency Rate is 15 in 2018 (2017 – 15).

2 The 2017 data includes only New Acland Mine however the increase in 2018 attributable to Jeebropilly is 2,593.

PEOPLE

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Number of employees (excluding contractors):	FTE	550	535
Female	FTE	81	71
Male	FTE	469	464
Average employee turnover (rolling average) [3]	%	8.7%	9.9%

3 Industry average turnover is 14.8% in 2018 (2017 – 15.8%).

COMMUNITY AND PROCUREMENT

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Wages and salaries (including on-costs)	($ million)	90.5	87.9
Payments to government (including taxes and royalties)	($ million)	145.8	73.8
Payments to businesses and suppliers in QLD	($ million)	290.7	298.5
Donations and sponsorships	($ million)	0.5	0.6

PROTECTING THE ENVIRONMENT

ENVIRONMENT – ENERGY AND GHG EMISSIONS

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Total energy use (for facilities where New Hope has operational control)	GJ	1,391,588	1,422,152
Energy intensity (GJ per tonne ROM coal produced)	GJ/t	0.133	0.135

Studies undertaken in accordance with the National Greenhouse Energy Reporting guidelines have shown the Acland coal deposit has minimal gas released during the mining process, limiting fugitive emissions from the site. This, combined with the other technical properties of Acland coal, make it one of the most attractive thermal coals on the market.

ENVIRONMENT – LAND

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Land owned/leased	ha	23,070	21,906
Land disturbed	ha	135	136
Land rehabilitated (in the given reporting period)	ha	50	68
Land rehabilitated for grazing (cumulative)	ha	>1,000	>1,000

ENVIRONMENT – WATER

	Unit of Measure	Year to 31 July 2018	Year to 31 July 2017
Toowoomba recycled waste water available	ML	3,000	3,000
Toowoomba recycled waste water used at New Acland Mine [4]	ML	1,116	1,979
Bore water used at New Acland Mine	ML	9	8
Water recycled (operated sites)	ML	5,071	Not available

4 A large proportion of this water is used in pastoral operations.

Tax Contribution Report

The Group is pleased to present its Tax Contribution Report for the financial year ended 31 July 2018. The Group considers that additional disclosure as a 'large' business under the Voluntary Tax Transparency Code will assist stakeholders to understand its position as a responsible corporate taxpayer and is a key part of its social and economic responsibility.

Our guiding principle in relation to taxation is to pay the right amount of tax at the appropriate time. We will comply with all tax obligations and engage in a constructive manner with the tax authorities.

OUR BUSINESS MODEL AND OPERATIONS

The success of the Group's diversification in combination with its reputation for hard work and sensible management has seen the business grow to become one of the State's largest regionally based corporations, employing around 550 people. Our continued growth is founded on a long-term commitment to our employees, alongside a proactive approach to environment, community and social responsibility.

As outlined in the Sustainability Report the Group's core values underpin the execution of the strategic vision and guide the decisions we make and the actions we take on a day to day basis. These principles are critical to the successful management of our tax affairs.

KEY TAX POINTS

- New Hope Group's Effective Tax Rate for 2018 is 30.1 % (2017 – 30.5%);
- Total Corporate Tax payable for 2018 is $94.8 million (2017 – $29.2 million);
- Total Tax and Government contributions in 2018 is $185.6 million (2017 – $105.9 million);
- The ATO's streamlined Tax Assurance report confirms positive compliance base.

TAX POLICY AND GOVERNANCE

APPROACH TO TAX

Our approach to tax is aligned with our Code of Conduct and our long term business strategy.

- New Hope acts to pay the right amount of tax, in the right place, at the right time;
- This means that we comply with our legal obligations for tax, we file our tax returns on time with full disclosure of all relevant matters, and pay our taxes on time;
- The Group has a low risk threshold in respect of taxation matters;
- The Group's approach to tax compliance, governance and risk is focussed on people. A flat management structure and clear understanding of responsibilities by those involved in managing the tax affairs of the Group is key to successful tax management for the Group.

TAX GOVERNANCE

The Group's tax affairs are overseen by the Board of Directors who approve the overall tax strategy and appetite for tax related risk. Executive management are responsible for ensuring that resources are capable of accurately and effectively discharging all tax related obligations in line with the overall tax strategy. The executive team employs a number of finance personnel with relevant experience and engages external consultants when appropriate.

We act in accordance with the Code of Conduct and our decisions are guided by the Core Values. These cultural principles, combined with the overall tax strategy and internal guidelines together provide a strong foundation for doing the right thing.

The governance is managed within the Group's broader governance processes and our Corporate Governance Statement can be found at: www.newhopegroup.com.au/content/investors/corporate-governance

TAX STRATEGY

The key points in New Hope's tax strategy are:

- Effectively manage risk by application of our approach to tax listed above;
- Observe all applicable laws, rules, regulations and disclosure requirements;
- Apply diligent professional care and judgement to arrive at well-supported conclusions;
- Develop and foster good working relationships with tax authorities, government bodies and other relevant parties; and
- Seek expert advice on any positions where tax law is unclear or subject to interpretation and ensure positions ultimately adopted are supportable and well documented.

NUMERICAL RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

YEAR ENDED 31 JULY 2018	2018 '000	2017 '000
Profit before income tax	**$213,812**	$202,213
Income tax calculated at 30%	**$64,144**	$60,664
Tax Effect of amounts not deductible in calculating taxable income		
– R&D Tax Offset	**($47)**	–
– Sundry items non-deductible	**$331**	$51
– Impairment of available for sale financial assets	**–**	$609
Under provision provided in prior year	**($81)**	$695
Effect of previously unrecognised capital losses	**($33)**	($425)
Income Tax Expense	**$64,314**	$61,594
– Effective Tax Rate	**30.1%**	30.5%

RECONCILIATION OF INCOME TAX EXPENSE TO TAX PAYABLE

YEAR ENDED 31 JULY 2018	2018 '000	2017 '000
Profit before income tax	**$213,812**	$202,213
Income tax calculated at 30%	**$64,144**	$60,664
Tax effected adjustments to taxable income:		
– Previously unrecognised capital losses	**($33)**	($425)
– R&D Tax Offset	**($47)**	–
– Other non-temporary items	**$331**	$51
– Impairment of available for sale financial assets	**–**	$609
Temporary differences:		
– Non deductible impairment expense	**39,688**	–
– Fixed assets	**($8,464)**	($34,759)
– Other deductible amounts	**$4,241**	($2,459)
– Tax losses utilised	**($5,097)**	($9,616)
Current tax liability	**$94,763**	$14,065
– Tax instalments paid	**($13,672)**	($27,089)
Tax payable / (refundable)	**$81,091**	($13,024)

TAX LOSSES RECONCILIATION

	2018 '000	2017 '000
Opening Tax Losses	**$7,165**	$16,781
– Group losses – under / over	**($886)**	($522)
– Group losses utilised	**–**	($7,174)
– Transferred losses utilised	**($5,097)**	($1,920)
Closing Tax Losses	**$1,182**	$7,165

TAX CONTRIBUTIONS SUMMARY

	2018 '000	2017 '000
Corporate Tax	**$94,763**	$29,196 [1]
Mining Royalties [2]	**$42,043**	$35,060
Oil Royalties	**$1,473**	$517
Employee Taxes Withheld	**$29,390**	$29,080
Fringe Benefits Tax	**$959**	$903
Payroll Tax	**$5,815**	$4,050
Other Taxes, Rates and Levies	**$11,145**	$7,097
Total Tax Contributions	**$185,587**	$105,903

1 This amount reflects the lodged income tax return for the prior year and as such does not reconcile with the tax payable reconciliation as reconciled to the Audited Financial Statements. The key impact was the under provision arising from the Company having changed its estimate of useful life of certain mining assets in the finalisation of its income tax return resulting in a revised tax balance.

2 Mining Royalties includes $34 million paid to the State Government with a further $8 million paid to third party landholders in line with State legislation requirements.

Financial Summary

	2018 $000	2017 $000	2016 $000	2015 $000
Total revenue	**1,078,573**	844,077	531,459	505,781
Earnings before interest, tax, depreciation and amortisation (before non regular items)	**453,068**	283,118	81,270	132,761
Profit before tax (before non regular items)	**360,791**	184,335	6,116	71,578
Profit after tax (before non regular items)	**252,553**	128,713	5,029	51,749
Profit/(loss) before tax	**213,812**	202,213	(74,112)	(24,709)
Tax benefit/(expense)	**(64,314)**	(61,594)	20,432	2,888
Profit/(loss) after tax	**149,498**	140,619	(53,680)	(21,821)
Loss attributable to minority interests	**–**	(1)	(1)	(1)
Net profit/(loss) attributable to NHCL members	**149,498**	140,620	(53,679)	(21,820)
Total assets employed	**2,338,367**	2,181,645	2,018,549	2,075,158
Shareholders'funds	**1,888,400**	1,853,428	1,750,412	1,852,625
Dividends paid during the financial year	**99,738**	49,864	66,484	78,944

	2018	2017	2016	2015
Weighted average shares on issue	**831,141,985**	831,067,979	831,050,306	830,999,449
Net profit/(loss) attributable to NHCL members (as a % of shareholders'funds)	**7.9%**	7.6%	(3.1)%	(1.2)%
Earnings per share before non regulars (cents) [1]	**30.4**	15.4	0.6	6.2
Earnings/(loss) per share (cents)	**18.0**	16.9	(6.5)	(2.6)
Normal dividends per share (cents)	**14.0**	10.0	4.0	6.5
Special dividends per share (cents)	**–**	–	–	3.5
Net tangible asset backing per share (cents)	**220.2**	215.9	203.5	220.6

1 The Earnings before interest, tax, depreciation and amortisation, 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 2018

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

	2018 $000	2017 $000	% CHANGE
Revenue from operations	**1,078,573**	844,077	'28%
Earnings before interest, tax, depreciation and amortisation (before non regular items)	**453,068**	283,118	'60%
Profit before income tax (before non regular items) [1]	**360,791**	184,335	'96%
Impairment of property, plant and equipment	**(571)**	–	
Impairment of coal exploration and evaluation assets	**(132,289)**	–	
Reversal of impairment of coal to liquids facility assets	**857**	–	
Handling charges future obligations	**(14,976)**		
Recovery of prior period below rail access charge	**–**	19,908	
Impairment of available for sale financial assets	**–**	(2,030)	
Profit before income tax (after non regular items)	**213,812**	202,213	'6%
Profit after income tax (before non regular items) [1]	**252,553**	128,713	'96%
Impairment of property, plant and equipment	**(570)**	–	
Impairment of coal exploration and evaluation assets	**(92,602)**	–	
Reversal of impairment of coal to liquids facility assets	**600**	–	
Handling charges future obligations	**(10,483)**		
Recovery of prior period below rail access charge	**–**	13,936	
Impairment of available for sale financial assets	**–**	(2,030)	
Profit after income tax (after non regular items)	**149,498**	140,619	'6%
Non-controlling interests	**–**	(1)	
Profit attributable to New Hope Shareholders	**149,498**	140,620	
Basic earnings per share (cents) (before non regular items) [1]	**30.4**	15.4	'97%
Impairment of property, plant and equipment	**(0.1)**	–	
Impairment of coal exploration and evaluation assets	**(11.1)**	–	
Reversal of impairment of coal to liquids facility assets	**0.1**	–	
Handling charges future obligations	**(1.3)**		
Recovery of prior period below rail access charge	**–**	1.7	
Impairment of available for sale financial assets	**–**	(0.2)	
Basic earnings per share (cents) (after non regular items)	**18.0**	16.9	'7%

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 2018

PRINCIPAL ACTIVITIES

The principal activities of the Group consisted of:

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

	$000
Dividends paid to members during the financial year were:	
A final dividend for the year ended 31 July 2017 of 6.0 cents per share paid on 7 November 2017	49,869
An interim dividend for the year ended 31 July 2018 of 6.0 cents per share paid on 1 May 2018	49,869

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 8.0 cents per share. This dividend is fully franked, to be paid on 6 November 2018 out of retained profits at 31 July 2018 with the record date for such dividend to be 22 October 2018. This will provide shareholders of New Hope with total dividends for the year of 14.0 cents per share (6.0 cents per share interim) compared with total dividends for the 2017 year of 10.0 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 4 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 charged 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 LICENCE

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 development 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 documented 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. With the binding commitment with Wesfarmers to purchase a further 40% of Bengalla, any additional finance and business risks are being proactively managed.

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. The Company also actively participates in a comprehensive insurance program to ensure assets are insured for appropriate value.

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 and coal price to hedge certain risk exposures.

CLIMATE CHANGE

The climate change risk to the Group is primarily associated with the potential for future policy or legislative changes which impose new conditions that may impact upon the viability of the Group's operations. With a growing global focus on securing sustainable, reliable and affordable energy, the Group's portfolio of high quality coal assets are expected to remain in high demand. The Group actively monitors legislative and regulatory developments and engages with relevant stakeholders to manage this risk.

INSURANCE OF OFFICERS

In accordance with the provisions of the *Corporations Act 2001*, New Hope Corporation Limited (the Company, Corporation or parent entity) 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.

WORKPLACE 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 2018 financial year, the Group was not prosecuted for any breach of environmental laws. The Group did receive two Penalty Infringement Notices during 2018 for separate environmental compliance matters at its New Acland operations. The Penalty Infringement Notices were both issued for minor technical infringements of approval requirements. While no environmental harm was caused by either environmental compliance matter, the Group has taken corrective actions to ensure they are not repeated in the future.

ENVIRONMENTAL PERFORMANCE

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

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

The Group's operations continue to undertake proactive initiatives to improve their environmental performance. For example, during 2018 the Group commenced the process to seek official certification for 376.9 hectares of progressive rehabilitation at its New Acland operations.

ENVIRONMENTAL SYSTEMS

During the 2018 financial year the Group adhered to its Environmental Policy which is 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 Group's operations to effectively manage their 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.

Directors' report

for the year ended 31 July 2018

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

3,937,774 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 8 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

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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 Investment 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 (SOL.ASX). Mr Millner's experience includes 16 years of experience within the financial services industry, including: 14 years' experience in active portfolio management of Australian equities, 8 years' experience as a CEO of an Australian publicly listed company, BKI and 7 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

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Directors' report

for the year ended 31 July 2018

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 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

421,365 ordinary shares in New Hope Corporation Limited

513,158 performance rights over ordinary shares in New Hope Corporation Limited

COMPANY SECRETARY

Ms Janelle Moody was appointed to the role of Company Secretary and Joint Venture Manager 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. She was appointed to the role of General Counsel and Company Secretary on 1 May 2018. She leads the Company's in-house legal team and continues to manage the Company's interests in the Bengalla Joint Venture, Lenton Joint Venture and Yamala Joint Venture.

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

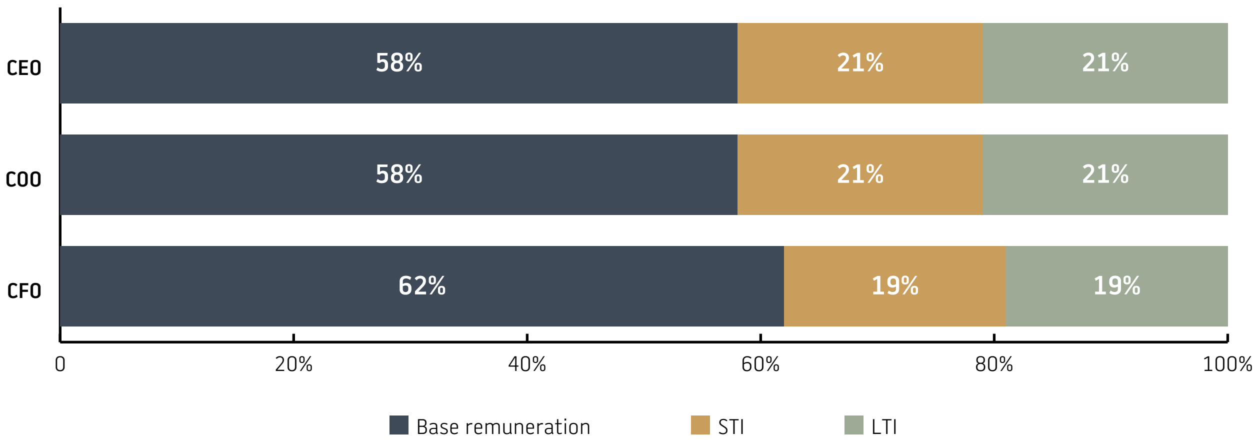
NAME	POSITIONS HELD
Mr R.D. Millner	Chairman and Non-executive Director.
Mr T.J. Barlow	Non-executive Director. Chairman of the Nomination Committee.
Mr W.H. Grant	Independent Non-executive Director. Chairman of the Remuneration Committee.
Mr T.C. Millner	Non-executive Director.
Ms S.J. Palmer	Independent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

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 STI and LTI which is at risk and subject to performance hurdles) for the year ended 31 July 2018 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

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

Maximum allowable STI's 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 STI's having regard to the performance of the executive and the Company during the period. The Key Performance Indicators (KPI's) set by the Remuneration Committee and their respective weightings for the 2018 financial year are detailed below.

SHORT TERM INCENTIVES KPI's		WEIGHTING
Attributable to Company performance		50%
Group Profit	30%	
Group Sales	10%	
Group Costs	10%	
Attributable to Individual performance criteria associated with the role		50%

LONG TERM INCENTIVES

LTI's 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 LTI's 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 LTI having regard to the performance of the executive and the Company during the period.

LTI's are paid in the form of Performance Rights at the discretion of the Remuneration Committee. The value of an executive's LTI is converted into Performance Rights by reference to the 5 day volume weighted average share price of the Company over the five days immediately preceding issue. The Remuneration Committee has the discretion to select alternative equity instruments for the award of LTI's 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 KPI's set by the Remuneration Committee and their respective weightings relevant for the 2018 financial year are detailed below.

LONG TERM INCENTIVES KPIS	WEIGHTING
Attributable to Shareholder value	75%
Attributable to Strategic plan delivery (individual performance criteria associated with the role)	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%	35%
110%	45%
115%	55%
120%	65%
> 125 %	75%

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		2018	2017	2016	2015	2014
Net profit/(loss) attributable to shareholders	A$000's	**149,498**	140,620	(53,679)	(21,820)	58,450
Profit/(loss) after tax	A$000's	**149,498**	140,619	(53,680)	(21,821)	58,449
Net profit after tax before non regular items	A$000's	**252,553**	128,713	5,029	51,749	41,490
Earnings/(loss) per share	cents/share	**18.0**	16.9	(6.5)	(2.6)	7.0
Dividends paid during the year	cents/share	**12.0**	6.0	8.0	9.5	16.0
Share price as at 31 July	$/share	**3.19**	1.60	1.60	1.91	3.00
Shareholders' funds	A$000's	**1,888,400**	1,853,428	1,750,412	1,852,625	1,973,859

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 (2017 – $1,750,000) per annum.

F. VOTING MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING

The Company received 99.63% "yes" votes on its Remuneration Report for the 2017 financial year.

REMUNERATION REPORT (CONTINUED)

G. DETAILS OF REMUNERATION

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

	SHORT-TERM EMPLOYEE BENEFITS			LONG-TERM BENEFITS	POST EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
2018	CASH SALARY AND FEES $	CASH BONUS $	NON CASH BENEFITS[1] $	LSL $	SUPER-ANNUATION $	RIGHTS $	TOTAL $
Non-executive Directors							
Mr R.D. Millner	**297,272**	**–**	**–**	**–**	**20,106**	**–**	**317,378**
Mr T.J. Barlow	**136,968**	**–**	**–**	**–**	**13,012**	**–**	**149,980**
Mr W.H. Grant	**152,187**	**–**	**–**	**–**	**14,457**	**–**	**166,644**
Mr T.C. Millner	**136,968**	**–**	**–**	**–**	**13,012**	**–**	**149,980**
Ms S.J. Palmer	**162,333**	**–**	**–**	**–**	**15,421**	**–**	**177,754**
Mr I.M. Williams	**136,968**	**–**	**–**	**–**	**13,012**	**–**	**149,980**
Total Non-executive Directors	**1,022,696**	**–**	**–**	**–**	**89,020**	**–**	**1,111,716**
Executive Directors							
Mr S.O. Stephan	**1,276,342**	**320,000**	**42,902**	**32,632**	**20,169**	**211,674**	**1,903,719**
Key Management Personnel							
Mr A.L. Boyd	**670,803**	**140,000**	**42,590**	**20,504**	**20,468**	**65,385**	**959,750**
Mr M.J. Busch	**565,970**	**100,900**	**39,425**	**23,084**	**20,325**	**79,378**	**829,082**
Total Key Management Personnel	**1,236,773**	**240,900**	**82,015**	**43,588**	**40,793**	**144,763**	**1,788,832**
Total Remuneration – 2018	**3,535,811**	**560,900**	**124,917**	**76,220**	**149,982**	**356,437**	**4,804,267**

	SHORT-TERM EMPLOYEE BENEFITS			LONG-TERM BENEFITS	POST EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
2017	CASH SALARY AND FEES $	CASH BONUS $	NON CASH BENEFITS[1] $	LSL $	SUPER-ANNUATION $	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

1 Non Cash Benefits include movements in annual leave provisions.

Directors' report

for the year ended 31 July 2018

The individual financial benefit and STI outcome for each Executive KMP for the year is set out in the table below:

EXECUTIVE KMP	PAID AS CASH $	STI[2] CASH $	TOTAL $	STI RECEIVED %	STI FORFEITED %
Mr S.O. Stephan	1,296,511	383,800	1,680,311	76	24
Mr A.L. Boyd	691,271	212,940	904,211	78	22
Mr M.J. Busch	586,295	140,600	726,895	74	26

The Remuneration Committee is of the view that the Executive KMP have continued to successfully execute our strategy. The table below is designed to give shareholders a better understanding of the actual remuneration paid to each Executive KMP in 2018 and 2017. It includes:

- Total fixed remuneration (TFR) earned in the year ended 31 July 2017 and 31 July 2018;
- STI earned in respect of 31 July 2017 and 2018 performance (including cash payable in October following year end);
- LTI that reached the end of its performance period in the year ended 31 July 2017 and 2018 at market value on the day of grant;
- Any termination benefits provided in the year ended 31 July 2017 and 2018; and
- Any non-monetary benefits provided to Executive KMP in the year ended 31 July 2017 and 2018 (including fringe benefits).

EXECUTIVE KMP	TFR[1] $	STI[2] CASH $	TOTAL CASH $	LTI[3] VESTED AT MARKET VALUE $	OTHER[4] $	TOTAL REMUNERATION $
2018						
Executive Directors						
Mr S.O. Stephan	**1,296,511**	**383,800**	**1,680,311**	**266,083**	**75,534**	**2,021,928**
Key Management Personnel						
Mr A.L. Boyd	**691,271**	**212,940**	**904,211**	**–**	**63,094**	**967,305**
Mr M.J. Busch	**586,295**	**140,600**	**726,895**	**99,782**	**62,509**	**889,186**
Total Key Management Personnel	**1,277,566**	**353,540**	**1,631,106**	**99,782**	**125,603**	**1,856,491**
Total – 2018	**2,574,077**	**737,340**	**3,311,417**	**365,865**	**201,137**	**3,878,419**

EXECUTIVE KMP	TFR[1] $	STI[2] CASH $	TOTAL CASH $	LTI[3] VESTED AT MARKET VALUE $	OTHER[4] $	TOTAL REMUNERATION $
2017						
Executive Directors						
Mr S.O. Stephan	1,258,964	320,000	1,578,964	92,134	149,926	1,821,024
Key Management Personnel						
Mr A.L. Boyd	641,864	140,000	781,864	–	6,569	788,433
Mr M.J. Busch	565,321	100,900	666,221	34,551	53,173	753,945
Total Key Management Personnel	1,207,185	240,900	1,448,085	34,551	59,742	1,542,378
Total – 2017	2,466,149	560,900	3,027,049	126,685	209,668	3,363,402

1 TFR comprises base salary and superannuation.

2 STI represents the amount of cash STI that each Executive KMP will be paid in October 2018 in respect of performance during the 2018 and 2017 financial year.

3 LTI vested for 2018 is in respect of the 2015 LTI entitlement which covers the performance period 2015-2017, and a service condition that was satisfied on 31 July 2018. Shares were issued in August 2018 after satisfaction of the service condition.

LTI vested for 2017 in respect of the 2014 LTI entitlement which covers the performance period 2014-2016, and a service condition that was satisfied on 31 July 2017. Shares were issued in August 2017 after satisfaction of the service condition.

4 Other includes parking, motor vehicle benefits, annual and long service leave provision movements and other similar items.

REMUNERATION REPORT (CONTINUED)

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

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
NAME	2018	2017	2018	2017	2018	2017
Mr S.O. Stephan	**72%**	87%	**17%**	0%	**11%**	13%
Mr A. L. Boyd	**79%**	96%	**15%**	0%	**6%**	4%
Mr M.J. Busch	**78%**	89%	**12%**	0%	**10%**	11%

Since the LTIs 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	$1,365,000	6 months' base remuneration
Mr A.L. Boyd	No fixed term 3 months' notice period	$780,000	3 months' base remuneration
Mr M.J. Busch	No fixed term 3 months' notice period	$636,000	3 months' base remuneration

1 This notice applies equally to all parties.

2 Base remuneration quoted is for the year ended 31 July 2018; 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 LTI RELATES	GRANT DATE	VESTING DATE	VALUE OF A RIGHT AT GRANT DATE ($)
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
2017 – 2020	March 2018	August 2020	1.23

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

Details of Rights over ordinary shares in the Company as at 31 July 2018, 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 lapse 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 LAPSED	LAPSED %	MAXIMUM VALUE IN FUTURE PERIODS
Mr S.O. Stephan	November 2015	August 2017	134,228	0.96	59,060	44%	75,168	56%	–
	November 2015	August 2018 [1]	204,082	1.08	–	–	–	–	–
	December 2016	August 2019	250,000	0.80	–	–	–	–	75,408
	March 2018	August 2020	263,158	1.23	–	–	–	–	268,280
Mr A.L. Boyd	December 2016	August 2019	124,497	0.80	–	–	–	–	37,552
	March 2018	August 2020	131,049	1.23	–	–	–	–	133,599
Mr M.J. Busch	December 2014	August 2017	50,336	1.58	22,148	44%	28,188	56%	–
	November 2015	August 2018 [1]	76,531	1.08	–	–	–	–	–
	December 2016	August 2019	93,750	0.80	–	–	–	–	28,279
	March 2018	August 2020	98,684	1.23	–	–	–	–	100,604

1 The rights vesting in August 2018 do not have a maximum value at 31 July as they vest in August 2018.

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

REMUNERATION REPORT (CONTINUED)

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 key management personnel 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	LAPSED	BALANCE AT THE END OF THE YEAR	UNVESTED
Mr S.O. Stephan	588,310	263,158	(59,060)	(75,168)	717,240	717,240
Mr A. L. Boyd	124,497	131,049	–		255,546	255,546
Mr M.J. Busch	220,617	98,684	(22,148)	(28,188)	268,965	268,965

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	3,925,829	11,945	–	3,937,774
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	252,231	26,400	59,060	337,691
Mr A.L. Boyd	15,438	–	–	15,438
Mr M.J. Busch	719,732	–	22,148	741,880

SHARES ISSUED ON THE VESTING OF RIGHTS

Since the end of the financial year, 115,052 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 2018 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	
	2018 $	2017 $
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*:		
Deloitte Touche Tohmatsu (Australian firm)	**443,750**	371,500
Total remuneration for audit services	**443,750**	371,500
Other services		
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint operations	**35,400**	24,000
Ernst & Young (Australian firm)		
Audit of joint operations	**38,400**	42,000
Total remuneration for non-audit services	**73,800**	66,000
Total auditors remuneration	**517,550**	437,500

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 52.

The Company is of a kind referred to in *ASIC Corporations 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.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2018 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	14	14	–	–	–	–	–	–
Mr T.J Barlow	14	12	6	6	3	3	1	1
Mr W.H. Grant	14	13	6	6	3	3	1	1
Mr T.C. Millner	14	14	–	–	–	–	–	–
Ms S.J. Palmer	14	14	6	6	–	–	–	–
Mr I.M. Williams	14	14	–	–	3	3	1	1
Mr S.O. Stephan	14	14	–	–	–	–	–	–

Signed at Sydney this 17th day of September 2018 in accordance with a resolution of Directors.

R.D. Millner
Director

Auditor's Independence Declaration

for the year ended 31 July 2018

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060
Level 23
Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Australia
Tel: 61 (0) 7 3308 7000
www.deloitte.com.au

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

17 September 2018

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 statements of New Hope Corporation Limited for the financial year ended 31 July 2018, 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 faithfully

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants

Financial report

for the year ended 31 July 2018

CONTENTS	PAGE

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 Operations Overview on pages 4 to 15, which is not part of this financial report. The financial report was authorised for issue by the Directors on 17 September 2018. 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 2018

	NOTES	2018 $000	2017 $000
Revenue from operations	2	**1,078,573**	844,077
Other income	3(a)	**964**	23,378
		1,079,537	867,455
Expenses			
Cost of sales		**(525,161)**	(476,855)
Marketing and transportation		**(174,794)**	(168,766)
Administration		**(11,293)**	(9,669)
Other expenses		**(22,474)**	(7,922)
Impairment of assets	3(b)	**(132,003)**	(2,030)
Profit before income tax		**213,812**	202,213
Income tax expense	4(a)	**(64,314)**	(61,594)
Profit after income tax for the year		**149,498**	140,619
Profit/(loss) attributable to:			
New Hope Shareholders		**149,498**	140,620
Non-controlling interests		**–**	(1)
		149,498	140,619
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	20(f)	**(5,923)**	17,509
Transfer to profit and loss for cash flow hedges, net of tax	20(f)	**(9,071)**	(6,404)
Changes to the fair value of available for sale financial assets, net of tax	20(f)	**(129)**	644
Exchange differences on translation of foreign operation	20(f)	**–**	187
Other comprehensive income/(loss) for the year, net of tax		**(15,123)**	11,936
Total comprehensive income for the year		**134,375**	152,555
Total comprehensive income/(loss) attributable to:			
New Hope Shareholders		**134,375**	152,556
Non-controlling interests		**–**	(1)
		134,375	152,555
Earnings per share for profit/(loss) attributed to ordinary equity holders of the Company			
Basic earnings per share (cents/share)	6	**18.0**	16.9
Diluted earnings per share (cents/share)	6	**18.0**	16.9

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

Balance Sheet

as at 31 July 2018

	NOTES	2018 $000	2017 $000
Current assets			
Cash and cash equivalents	14	**274,975**	236,885
Held to maturity investments	15	**205,000**	–
Receivables	7	**105,473**	71,567
Inventories	9	**61,175**	62,394
Current tax assets	4(d)	**–**	13,024
Derivative financial instruments	18	**–**	18,075
Total current assets		**646,623**	401,945
Non-current assets			
Receivables	7	**1,499**	1,297
Available for sale financial assets	16	**1,845**	1,977
Property, plant and equipment	10	**1,350,057**	1,324,637
Intangible assets	11	**58,042**	59,220
Exploration and evaluation assets	12	**280,301**	392,569
Total non-current assets		**1,691,744**	1,779,700
Total assets		**2,338,367**	2,181,645
Current liabilities			
Accounts payable	8	**78,753**	65,289
Lease liabilities	17	**2,442**	2,356
Current tax liabilities	4(d)	**81,091**	–
Derivative financial instruments	18	**3,344**	–
Provisions	13	**66,758**	43,632
Total current liabilities		**232,388**	111,277
Non-current liabilities			
Lease liabilities	17	**7,790**	10,232
Deferred tax liabilities	4(e)	**49,862**	101,867
Provisions	13	**159,927**	104,841
Total non-current liabilities		**217,579**	216,940
Total liabilities		**449,967**	328,217
Net assets		**1,888,400**	1,853,428
Equity			
Contributed equity	20	**95,905**	95,772
Reserves	20(f)	**21,617**	36,518
Retained profits	20(g)	**1,770,878**	1,721,118
Capital and reserves attributable to New Hope Shareholders		**1,888,400**	1,853,408
Non-controlling interests		**–**	20
Total equity		**1,888,400**	1,853,428

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

Statement of Changes in Equity

for the year ended 31 July 2018

	NOTES	CONTRIBUTED EQUITY $000	RESERVES $000	RETAINED EARNINGS $000	NON-CONTROLLING INTERESTS $000	TOTAL $000
Balance at 1 August 2017		**95,772**	**36,518**	**1,721,118**	**20**	**1,853,428**
Profit for the year		**–**	**–**	**149,498**	**–**	**149,498**
Other comprehensive loss		**–**	**(15,123)**	**–**	**–**	**(15,123)**
Total comprehensive income/(loss)		**–**	**(15,123)**	**149,498**	**–**	**134,375**
Transactions with owners in their capacity as owners						
Dividends provided for or paid	19	**–**	**–**	**(99,738)**	**–**	**(99,738)**
Transfer from share based payment reserve to equity	20(f)	**133**	**(133)**	**–**	**–**	**–**
Net movement in share based payment reserve	20(f)	**–**	**355**	**–**	**–**	**355**
Share of non-controlling interests equity contributions		**–**	**–**	**–**	**(20)**	**(20)**
		133	**222**	**(99,738)**	**(20)**	**(99,403)**
Balance at 31 July 2018		**95,905**	**21,617**	**1,770,878**	**–**	**1,888,400**
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	19	–	–	(49,864)	–	(49,864)
Transfer from share based payment reserve to equity	20(f)	80	(80)	–	–	–
Net movement in share based payment reserve	20(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**

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 2018

	NOTES	2018 $000	2017 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**1,090,295**	914,625
Payments to suppliers and employees inclusive of GST		**(656,437)**	(601,621)
		433,858	313,004
Interest paid		**(101)**	(903)
Income taxes paid		**(15,779)**	(27,570)
Net cash inflow from operating activities	5	**417,978**	284,531
Cash flows from investing activities			
Payments for property, plant and equipment		**(62,935)**	(70,451)
Payments for intangibles		**(1,237)**	(1,831)
Payments for exploration and evaluation assets		**(25,737)**	(12,492)
Refunds from acquisition of business – Bengalla		**–**	1,669
Payments for acquisition of business – other		**–**	(800)
Proceeds from/(payments for) held to maturity investments		**(205,000)**	116
Proceeds from sale of property, plant and equipment		**2,359**	2,573
Interest received		**5,408**	2,050
Refunds of security and bond guarantees		**3**	63
Dividends received		**2**	2
Net cash outflow from investing activities		**(287,137)**	(79,101)
Cash flows from financing activities			
Repayment of finance leases[1]		**(2,356)**	(2,272)
Dividends paid		**(99,738)**	(49,864)
Net cash outflow from financing activities		**(102,094)**	(52,136)
Net increase in cash and cash equivalents		**28,747**	153,294
Cash and cash equivalents at the beginning of the financial year		**236,885**	91,162
Effects of exchange rate changes on cash and cash equivalents		**9,343**	(7,571)
Cash and cash equivalents at the end of the financial year	14	**274,975**	236,885

1 The total change in liabilities arising from financing activities relates to cash repayments made during the year.

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 2018

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, 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 and agricultural assets carried at fair 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 in 2013). 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 the Australian Securities and Investment Commission, 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 New Hope Corporation Limited (Company or parent entity) as at 31 July 2018 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 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 2018

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 2018

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, MD, COO and 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

YEAR ENDED 31 JULY 2018	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OIL AND GAS $000	TOTAL $000
Revenue from external customers	2	613,544	435,923	29,106	1,078,573
Earnings before interest, tax, depreciation and amortisation		217,299	227,717	8,052	453,068
Interest expense		(51)	(1)	(49)	(101)
Depreciation and amortisation		(37,959)	(45,846)	(8,371)	(92,176)
Profit/(loss) before tax and non regular items		179,289	181,870	(368)	360,791
Non regular items before tax*[1]		(146,979)	–	–	(146,979)
Profit/(loss) before tax after non regular items		32,310	181,870	(368)	213,811
Income tax benefit/(expense)		(9,940)	(54,494)	120	(64,314)
Profit/(loss) after tax after non regular items		22,370	127,376	(248)	149,498
Total segment profit before tax includes:					
Interest revenue	2	5,890	81	6	5,977
Reportable segment assets		1,348,072	873,198	117,097	2,338,367
Total segment assets includes:					
Additions to non-current assets		58,637	21,048	10,224	89,909

1 Non regular items for the year ended 31 July 2018 relate to the impairment of exploration and evaluation assets as outlined in note 12, the recognition of an onerous contract provision as outlined in note 13, offset by a reversal of impairment of coal to liquids facility assets from a prior period.

1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

YEAR ENDED 31 JULY 2017	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OIL AND GAS $000	TOTAL $000
Revenue from external customers	2	502,825	322,570	18,682	844,077
Earnings before interest, tax, depreciation and amortisation		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/(loss) before income tax includes:					
Interest revenue	2	1,957	122	10	2,089
Reportable segment assets		1,182,412	882,039	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 Queensland Competition Authority (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.

C. OTHER SEGMENT INFORMATION

(I) SEGMENT REVENUE

	2018 $000	2017 $000
Total segment revenue by geographical location		
Japan	**394,976**	308,940
Taiwan/China	**386,570**	310,898
Chile	**8,858**	27,062
Korea/Indonesia	**38,718**	17,052
Vietnam	**11,779**	–
India	**15,105**	–
Other	**137,667**	113,715
Australia	**84,900**	66,410
	1,078,573	844,077

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 2018, one customer contributed $210,390,000 (2017 – $224,430,000) 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.

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. 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.

	2018 $000	2017 $000
Sales revenue		
Sale of goods	**1,053,241**	824,570
Services	**13,596**	12,831
	1,066,837	837,401
Other revenue		
Property rent	**986**	1,207
Interest	**5,977**	2,089
Sundry revenue	**4,773**	3,380
	1,078,573	844,077

3. OTHER INCOME AND EXPENSES

A. OTHER INCOME

	NOTES	2018 $000	2017 $000
Recovery of prior period below rail access charge		–	19,908
Insurance recovery		298	2,000
Gain on sale of property, plant and equipment		666	1,470
		964	23,378

B. BREAKDOWN OF EXPENSES

	NOTES	2018 $000	2017 $000
Profit before income tax includes the following specific expenses:			
Foreign exchange gains and losses			
Net foreign exchange (gains)/losses		(9,343)	7,571
Depreciation			
Buildings	10	1,197	954
Plant and equipment	10	47,424	53,911
		48,621	54,865
Amortisation			
Mining reserves, leases and mine development	10	33,235	33,962
Oil producing assets	10	7,961	6,769
Software	11	702	626
Mining information	11	1,396	1,396
Water rights	11	262	262
		43,556	43,015
Other charges against assets			
Impairment of property, plant and equipment	10	571	–
Impairment of coal exploration assets	12	132,289	–
Reversal of impairment of coal to liquids facility assets	10	(857)	–
Impairment of available for sale investments (IGas Plc and Planet Gas Limited)	16	–	2,030
		132,003	2,030
Handling charges future obligations[1]		14,976	–
Exploration costs expensed[2]		13,393	14,735
Employee benefits expensed		132,817	126,414
Superannuation expensed[3]		8,829	8,634
Operating lease costs expensed		14,260	12,644

1 Future handling charges arising from an onerous contract provision have been included in Other Expenses.

2 Exploration costs expensed includes relevant Employee expenses.

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 2018 (three at 31 July 2017). 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

	2018 $000	2017 $000
Income tax – Current tax expense	**94,762**	14,065
Income tax – Adjustments for current tax of prior periods[*1]	**15,132**	1,966
Income tax – Deferred tax expense/(benefit)	**(45,580)**	45,563
	64,314	61,594
Effective tax rate	**30.1%**	30.5%

*1 During the year the Company changed its estimate in the useful life of certain mining assets in the finalisation of its income tax return resulting in a revised tax balance between current and deferred income tax expense.

4. INCOME TAXES (CONTINUED)

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

	NOTES	2018 $000	2017 $000
Profit before income tax		**213,812**	202,213
Income tax calculated at 30% (2017 – 30%)		**64,144**	60,664
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Research and Development Tax Incentive		**(47)**	–
Sundry items		**331**	51
Impairment of available for sale financial assets		**–**	609
		64,428	61,324
(Over)/under provided in prior year		**(81)**	695
Effect of previously unrecognised capital losses		**(33)**	(425)
Income tax expense		**64,314**	61,594

C. TAX EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

	NOTES	2018 $000	2017 $000
Cash flow hedges	20(f)	**6,426**	(4,760)

D. RECONCILIATION OF INCOME TAX PAYABLE/(RECEIVABLE)

	NOTES	2018 $000	2017 $000
Profit before income tax		**213,812**	202,213
Income tax calculated at 30% (2017 – 30%)		**64,144**	60,664
Tax effected adjustments to taxable income:			
Non temporary differences			
Non assessable income		**–**	(425)
Tax offset – Resource and Development		**(80)**	–
Other non temporary items		**331**	51
Impairment of available for sale financial assets		**–**	609
Temporary differences:			
Non deductible impairment expenses		**39,688**	–
Other assessable/(deductible) amounts		**(4,223)**	(37,218)
Tax losses utilised		**(5,097)**	(9,616)
Taxable income at 30% (2017 – 30%)		**94,763**	14,065
Current tax liability		**94,763**	14,065
Less: Tax instalments paid		**(13,672)**	(27,089)
Tax payable/(refundable)		**81,091**	(13,024)

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
2018							
Rehabilitation provision	**32,287**	**4,391**	**–**	**–**	**36,678**	**36,678**	**–**
Property, plant and equipment	**(45,729)**	**3,244**	**–**	**–**	**(42,485)**	**–**	**(42,485)**
Capitalised exploration	**(93,265)**	**36,557**	**–**	**–**	**(56,708)**	**–**	**(56,708)**
Cash flow hedges	**(5,423)**	**–**	**6,426**	**–**	**1,003**	**–**	**1,003**
Inventories	**(6,502)**	**1,037**	**–**	**–**	**(5,465)**	**–**	**(5,465)**
Employee benefits	**12,255**	**1,494**	**–**	**–**	**13,749**	**13,749**	**–**
Other	**(4,155)**	**4,839**	**–**	**–**	**684**	**684**	**–**
Revenue tax losses	**7,165**	**(5,983)**	**–**	**–**	**1,182**	**1,182**	**–**
Capital losses	**1,500**	**–**	**–**	**–**	**1,500**	**1,500**	**–**
	(101,867)	**45,579**	**6,426**	**–**	**(49,862)**	**53,793**	**(103,655)**
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)
Employee benefits	11,481	774	–	–	12,255	12,255	–
Other	(2,076)	(2,079)	–	–	(4,155)	652	(4,807)
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)

4. INCOME TAXES (CONTINUED)

F. UNRECOGNISED DEFERRED TAX ASSETS

	2018 $000	2017 $000
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses (capital)	**9,091**	9,124
PRRT (net of income tax)	**160,784**	143,166
Temporary differences associated with available for sale financial assets	**8,133**	8,133
	178,008	160,423

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.

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	2018 $000	2017 $000
Profit after income tax		**149,498**	140,619
Depreciation and amortisation		**92,176**	97,880
Non-cash employee benefit expense – share based payments	20(f)	**355**	309
Impairment of available for sale financial assets	3(b)	**–**	2,030
Impairment of property, plant and equipment	3(b)	**571**	–
Impairment of coal exploration assets	3(b)	**132,289**	–
Reversal of impairment of coal to liquids facility assets	3(b)	**(857)**	–
Net foreign exchange (gain)/loss	3(b)	**(9,343)**	7,571
Net (profit)/loss on sale of non-current assets		**639**	(463)
Interest income		**(5,977)**	(2,089)
Income taxes paid		**(15,779)**	(27,570)
Income tax expense	4(a)	**64,314**	61,594
Changes in operating assets and liabilities			
(Increase)/decrease in receivables		**(33,491)**	1,640
Increase in inventories		**(1,394)**	(8,876)
Increase in payables		**13,720**	9,084
Increase in provisions and employee entitlements		**31,257**	2,802
Net cash provided by operating activities		**417,978**	284,531

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.

	2018	2017
A. Basic earnings per share attributable to ordinary equity holders of the Company	**18.0**	16.9
B. Diluted earnings per share attributable to ordinary equity holders of the Company	**18.0**	16.9

C. Reconciliation of adjusted profits

	BASIC AND DILUTED	
	2018 $000	2017 $000
Profit attributable to the ordinary equity holders of the Company	**149,498**	140,620

D. Weighted average number of shares used as the denominator

	BASIC AND DILUTED	
	2018	2017
Weighted average number of ordinary shares (basic)	**831,141,985**	831,067,979
Rights	**1,064,431**	732,721
Weighted average number of ordinary shares (diluted)	**832,206,416**	831,800,700

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.

	2018 $000	2017 $000
Current		
Trade receivables (a)	**77,763**	39,502
Other receivables (b)	**21,781**	26,601
Prepayments	**5,929**	5,464
	105,473	71,567
Non-current		
Other receivables	**1,499**	1,297

A. TRADE RECEIVABLE

As of 31 July 2018, trade receivables past due but not impaired were nil (2017 – $nil). Trade receivables at 31 July 2018 included receivables from provisionally priced coal sales to Japanese Customers under contracts with a Japanese Reference Price mechanism of $17,700,000.

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 21.

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 21.

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.

	2018 $000	2017 $000
Trade payables and accruals	**78,753**	65,289

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.

	2018 $000	2017 $000
Coal stocks	**40,572**	36,073
Self-generating and regenerating assets	**2,559**	2,948
Raw materials and stores at cost	**20,656**	23,373
Less: Provision for obsolescence	**(2,612)**	–
	61,175	62,394

A. INVENTORY EXPENSE

Coal stocks recognised as an expense during the year ended 31 July 2018 amounted to $622,277,000 (2017 – $578,491,000).
Write-downs of inventory to net realisable value recognised as an expense during the year amounted to $2,010,000 (2017 – nil).

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 2018 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 (CGU)). 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 cash generating units (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 CGUs (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 oil reserves and resources are equivalently calculated by appropriately qualified persons in accordance with the SPE Petroleum Reserves Management System (SPE-PRMS) published by the Society of Petroleum Engineers (updated June 2018).

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

A number of uncertainties associated with the approvals timeline and conditionality of the New Acland Coal Stage 3 project (NAC03) remain at 31 July 2018. Consistent with the position outlined in the financial report for the previous year ended 31 July 2017, and the half-year financial report for the period ended 31 January 2018, the significant delays in the approval process, which have the potential to delay the commencement of NAC03, have been assessed to be an indicator of potential impairment of the QLD coal mining operations CGU assets.

In the financial report for the previous year ended 31 July 2017 it was disclosed that the Land Court hearing in relation to NAC03 was completed on 31 May 2017 with recommendations being made to the State Minister for Natural Resources and Mines (the Minister) to not grant the ML's and the Department of Environment and Heritage Protection (DEHP) to not grant the amendment to the existing EA. Both the ML's and the EA are required for the project to proceed.

In the financial year since 31 July 2017, the following matters are relevant:

- Following the original decision of the Land Court to not recommend the granting of a mining lease for NAC03, on 14 February 2018, the Chief Executive of DEHP made a decision to refuse the application for amendment of the EA.
- The Company, through its wholly-owned subsidiary New Acland Coal Pty Ltd (New Acland), commenced a Judicial Review process in respect to the Land Court recommendations. The Judicial Review sought to address a number of concerns that the Company had about the Land Court process and resultant recommendations. The Judicial Review hearing commenced on 19 March 2018.
- The outcome of the Judicial Review was handed down by the Supreme Court of Queensland on 28 May 2018 in favour of New Acland. The key aspects of the Judicial Review orders were:
- The decisions made by the Land Court on 31 May 2017 recommending rejection of the ML applications for NAC03, and for the refusal of the application for amendment of the EA, were set aside with effect from 31 May 2017;
- The decision of the Chief Executive of DEHP to refuse the application for an amendment of the EA was set aside with effect from 14 February 2018; and
- The recommendations of the Land Court in respect of water and intergenerational equity (as it relates to water) were held to be not relevant for consideration by the Land Court and that the matter of noise required further consideration by the Land Court.
- The resultant Land Court hearing is scheduled for 2 October 2018.
- The upcoming Land Court recommendation on noise may ultimately result in the Land Court recommending grant of the ML's and EA. It is noted that an appeal of the Judicial Review decision has been commenced in the Supreme Court of Queensland.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OF ASSETS (CONTINUED)

The Company has undertaken a thorough assessment regarding impairment as required under AASB 136 for the year ended 31 July 2018. The Company carefully considered the potential impact that recent developments in the legal and regulatory environment and the possibility of further delays in the approvals process would have on future cash flows.

The fair value discounted cash flow models prepared for the CGU have confirmed the recoverable amount exceeds the carrying value. The updated models include assumptions relating to approval timelines and coal price as follows:

(i) Extensions of approvals timeline

The assessments assume that project approvals will be received in 2019 in the earliest instance, or in 2024 at the latest instance.

(ii) Coal price assumptions

Short term coal prices have improved since 31 July 2017. As a result the coal price range for assessments at 31 July 2018 is US$80–US$124 per tonne (nominal basis). The long term pricing assumptions are in line with previous impairment assessments.

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. As a result of the impairment assessment undertaken there are no impairments required in relation to the assets of the QLD mining operations CGU as at 31 July 2018.

The carrying value of the QLD mining operations CGU's assets is set out below:

	NOTES	2018 $000	2017 $000
Property, plant and equipment			
Land and buildings – mining		**55,509**	47,697
Plant and equipment		**107,981**	123,849
Mining reserves, leases and development assets		**3,977**	8,513
Plant under construction		**50,978**	55,571
Intangibles			
Software	11	**1,207**	1,487
Exploration and evaluation			
Exploration and evaluation at cost	12	**37,873**	35,816
Total carrying value		**257,525**	272,933

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 are longer term. These arrangements are not of a sufficient amount to constitute a material impact on value unless approval delays extend beyond those currently foreseeable.

The QLD coal mining CGU is a customer of the Port operations CGU of the Group. As such in the event that there are circumstances which further impact the coal mining operations this may be relevant to the value of those operations and will be a factor in any future impairment considerations.

The carrying value of the Port operation CGU's assets is set out below:

	NOTES	2018 $000	2017 $000
Property, plant and equipment			
Land and buildings		**1,694**	1,790
Plant and equipment		**84,477**	92,654
Port development		**11,872**	7,384
Plant under construction		**284**	929
Intangibles			
Software	11	**142**	115
Goodwill	11	**5,596**	5,596
Total carrying value		**104,065**	108,468

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 2018. Future events, such as the outcome of the Judicial Review appeal process, may impact upon this assumption and the recoverable value of the QLD coal mining operations CGU. In the event that future events have a negative impact on the recoverable value of the QLD coal mining operations CGU, the assets of that CGU may be subject to impairment.

	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 2018									
Balance at 1 August 2017		**171,838**	**9,052**	**377,368**	**598,745**	**39,938**	**66,658**	**61,038**	**1,324,637**
Additions		**5,089**	**–**	**37,724**	**–**	**656**	**5,980**	**13,486**	**62,935**
Movements in rehabilitation		**4,520**	**–**	**40,849**	**–**	**4,531**	**(763)**	**–**	**49,137**
Transfers in/(out)		**9,229**	**(18)**	**(287)**	**–**	**5,807**	**–**	**(14,731)**	**–**
Transfers from Intangibles	11	**–**	**–**	**–**	**–**	**–**	**–**	**55**	**55**
Transfers from Exploration and evaluation	12	**–**	**–**	**–**	**–**	**–**	**5,873**	**–**	**5,873**
Disposal of assets		**(60)**	**–**	**(2,136)**	**–**	**–**	**–**	**–**	**(2,193)**
Impairment expense	3(b)	**(568)**	**–**	**(3)**	**–**	**–**	**–**	**–**	**(571)**
Depreciation/ amortisation expense		**(900)**	**(297)**	**(47,424)**	**(28,239)**	**(4,995)**	**(7,961)**	**–**	**(89,816)**
Balance at 31 July 2018		**189,148**	**8,737**	**406,091**	**570,506**	**45,937**	**69,787**	**59,848**	**1,350,057**
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
Movements in rehabilitation		–	–	–	–	(2,099)	(1,373)	–	(3,472)
Acquisition of business – Other		–	–	–	–	–	13,337	–	13,337
Transfers in/(out)		68	–	8,313	–	16,137	1,673	(26,191)	–
Transfers to Intangibles	11	–	–	–	–	–	–	(99)	(99)
Transfers from Exploration and evaluation	12	–	–	–	–	–	1,299	–	1,299
Disposal of assets		(361)	–	(1,320)	–	–	–	–	(1,681)
Depreciation/ amortisation expense		(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

FINANCE LEASES

ACCOUNTING POLICY

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease (refer to note 17 for further details).

	2018 $000	2017 $000
Leasehold equipment		
Cost	**15,845**	15,845
Accumulated depreciation	**(6,737)**	(4,042)
	9,108	11,803

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	SOFTWARE $'000	GOODWILL $'000	WATER RIGHTS $'000	MINING INFORMATION $'000	TOTAL $'000
Year ended 31 July 2018						
Balance at 1 August 2017		**2,247**	**17,866**	**6,188**	**32,919**	**59,220**
Additions		**328**	**–**	**–**	**909**	**1,237**
Transfer to Property, Plant and Equipment	10	**(55)**	**–**	**–**	**–**	**(55)**
Amortisation charge		**(702)**	**–**	**(262)**	**(1,396)**	**(2,360)**
Balance at 31 July 2018		**1,818**	**17,866**	**5,926**	**32,432**	**58,042**
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
Transfer from Property, Plant and Equipment	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

CRITICAL ESTIMATE – GOODWILL IMPAIRMENT ASSESSMENT

Goodwill cost relates to the acquisition of Queensland Bulk Handling Pty Ltd (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 fair value less cost to dispose 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 2017: 9%).

Notes to the Financial Statements

for the year ended 31 July 2018

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	2018 $000	2017 $000
Exploration and evaluation assets		**280,301**	392,569
Reconciliation			
Balance at 1 August		**392,569**	382,048
Additions		**25,737**	12,492
Movements in rehabilitation		**157**	(672)
Transfers to property, plant and equipment	10	**(5,873)**	(1,299)
Impairment expense	3(b)	**(132,289)**	–
Balance at 31 July		**280,301**	392,569

SIGNIFICANT JUDGEMENT AND ESTIMATES – IMPAIRMENT OF COAL EXPLORATION ASSETS

The Group has determined that an indicator of impairment existed as at balance date in respect of the Colton Coal exploration project. The indicator arises from recently increased charges associated with access to WICET which were materially higher than those previously forecast and ongoing work regarding the assessment of JORC reserves position of this asset. As a result an impairment test has been undertaken and an impairment has been recognised for the year ended 31 July 2018.

For the purposes of assessing impairment of the Colton exploration project, the Group has utilised the FVLCD method underpinned by a resource multiple. A resource multiple is considered the appropriate valuation methodology for an exploration asset of this type. The fair value methodology adopted is considered Level 3 in the hierarchy due to the judgemental nature of the discounts applied to the resource multiples.

Given the significant costs associated with access to WICET (which have increased significantly since the terminal commenced operations) the Group has determined that it is appropriate to discount recent transaction multiples to account for the onerous nature of the obligations to WICET. At the prevailing WICET costs the Group has determined that it is inappropriate to ascribe any value to the JORC resources and as a result a full impairment for the carrying value of the Colton assets of $132,860,000 has been recognised as outlined below:

	NOTE	CARRYING VALUE $000	RECOVERABLE VALUE $000	IMPAIRMENT LOSS $000
Exploration and evaluation		132,289	–	(132,289)
Property, plant and equipment	10	571	–	(571)
		132,860	–	(132,860)

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 and rehabilitation 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	RESTORATION/ REHABILITATION $000	ONEROUS CONTRACT $000	TOTAL $000
2018				
Current	**38,870**	**12,912**	**14,976**	**66,758**
Non-current	**5,196**	**154,731**	**–**	**159,927**
	44,066	**167,643**	**14,976**	**226,685**
2017				
Current	35,145	8,487	–	43,632
Non-current	5,706	99,135	–	104,841
	40,851	107,622	–	148,473

A. EMPLOYEE BENEFITS

	2018 $000	2017 $000
Current long service leave obligations expected to be settled after 12 months	**12,816**	10,612

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.

B. MINING RESTORATION AND REHABILITATION

	2018 $000	2017 $000
Movements		
Balance at 1 August	**107,622**	97,669
Provision capitalised/(written down)	**49,295**	(4,144)
Provision (debited)/credited to profit and loss	**7,464**	(1,475)
Provision arising on acquisition	**–**	12,537
Charged to profit and loss – unwinding of discount	**3,262**	3,035
Balance at 31 July	**167,643**	107,622

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.

C. ONEROUS CONTRACTS

The Group has recognised provisions for onerous contracts in relation to take or pay agreements associated with the Colton exploration project for $14,976,000.

As outlined in note 12, there has been an impairment of the assets of the Colton exploration project. It is considered that the recently increased charges associated with the WICET Agreement that were materially higher than previously forecast, have a material impact on the viability of that project. As such, the Group has determined that the long term take or pay agreements associated with this project are onerous contracts.

AASB 137 requires that a provision is recognised for the lowest unavoidable costs of an onerous contract. The lowest unavoidable cost is the lesser of:

- All costs to fulfil the obligations under the contract; or
- Any compensation or penalties from a failure to fulfil the contract.

The Group has determined that the lowest unavoidable cost is represented by a failure to fulfil the contracts. The cost to the Group of failing to fulfil its obligations under the contracts is the value of the bank guarantees which have been provided as security against the contractual obligations.

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.

	2018 $000	2017 $000
Cash at bank and on hand	**274,975**	236,885

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 1.85% (2017 – 0% to 1.5%).

B. RISK EXPOSURE

Information about the Group's exposure to foreign exchange risk and credit risk is detailed in note 21.

15. HELD TO MATURITY INVESTMENTS

ACCOUNTING POLICY

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method.

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

	2018 $000	2017 $000
Term Deposits	**205,000**	–

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 2.55% (2017 – nil). Due to their short-term nature the carrying value is assumed to approximate fair value. Information about the Group's exposure to credit risk is disclosed in note 21.

16. 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.

	2018 $000	2017 $000
Listed equity securities	**1,845**	1,977

During the year there were nil impairments to equity securities held (2017 – $2,030,000).

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 profit and loss.

17. 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 $9,108,000 (2017: $11,803,000) under finance leases expiring within two to three years. Refer to note 10 for further detail on these assets.

	2018 $000	2017 $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	**8,120**	10,876
Minimum lease payments	**10,887**	13,643
Future finance charges	**(655)**	(1,055)
Total lease liability	**10,232**	12,588
The present value of finance lease liabilities is as follows:		
Within one year	**2,442**	2,356
Later than one year but not later than five years	**7,790**	10,232
Minimum lease payments	**10,232**	12,588

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 21.

18. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

COMMODITY HEDGING AND 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.

	2018 $000	2017 $000
Current assets		
Forward foreign exchange contracts	**–**	18,075
Current liabilities		
Forward commodity price hedge contracts	**1,517**	–
Forward foreign exchange contracts	**1,827**	–
	3,344	–

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 and commodity pricing.

At balance date these foreign exchange and commodity hedge contracts represented liabilities with a fair values of $1,827,000 (2017 – asset with fair value of $18,075,000) and $1,517,000 (2017 – nil) respectively. At balance date the details of outstanding contracts are:

(I) FOREIGN EXCHANGE CONTRACTS

	SELL US DOLLARS BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
	2018 $000	2017 $000	2018	2017
Maturity				
0 to 6 months	**183,219**	221,183	**0.75100**	0.73243
6 to 12 months	**85,882**	–	**0.74520**	–
	269,101	221,183		

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(II) COMMODITY HEDGE CONTRACTS

	US DOLLAR REVENUE		US DOLLAR PER TONNE	
	2018 $000	2017 $000	2018	2017
Maturity				
0 to 6 months	**24,827**	–	**103.44**	–
6 to 12 months	**8,188**	–	**102.35**	–
	33,015	–		

The above table has been shown in US dollars as the contracts applicable are denominated in US dollars.

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 and pricing contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date $269,101,000 (2017 – $221,183,000) was receivable relating to forward foreign exchange contracts and $44,114,000 (2017 – nil) relating to forward price hedge contracts (AUD equivalents).

19. 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

	2018 $000	2017 $000
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
2017 final dividend at 6.00 cents per share – 100% franked (tax rate – 30%) (paid on 7 Nov 2017)	**49,869**	–
2018 interim dividend at 6.00 cents per share – 100% franked (tax rate – 30%) (paid on 1 May 2018)	**49,869**	–
Total dividends paid	**99,738**	49,864

B. PROPOSED DIVIDENDS

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 8.0 cents (2017 – 6.0 cents per share). The dividend is fully franked based on tax paid at 30%. The proposed dividend expected to be paid on 6 November 2018 but not recognised as a liability at year end is $66,501,000 (2017 – $49,869,000).

C. FRANKED DIVIDENDS

The franked portions of the final dividend recommended after 31 July 2018 will be franked out of existing franking credits.

Franking credits available for subsequent financial years based on a tax rate of 30% (2017 – 30%)	**526,216**	459,068

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 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 $28,501,000 (2017 – $21,372,000).

D. DIVIDEND REINVESTMENT PLANS

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

20. 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

	2018 NO. OF SHARES	2018 $000	2017 NO. OF SHARES	2017 $000
Issued and paid up capital	**831,151,552**	**95,905**	831,070,344	95,772

D. MOVEMENTS IN SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	$000
1 August 2016	Opening Balance	831,050,726		95,692
1 August 2016	Vesting of performance rights	19,618	$0.0000	–
31 July 2017	Transfer from SBP[1] reserve to equity	–		80
31 July 2017	**Balance**	**831,070,344**		**95,772**
1 August 2017	Vesting of performance rights	81,208	$0.0000	–
31 July 2018	Transfer from SBP[1] reserve to equity	–		133
31 July 2018	**Balance**	**831,151,552**		**95,905**

1 SBP – Share based payment.

E. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Company's 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.

20. EQUITY (CONTINUED)

F. RESERVES

	NOTES	CAPITAL PROFITS $000	AFS FINANCIAL ASSETS [3] $000	REVALUATION $000	HEDGING $000	SHARE-BASED PAYMENTS $000	FCTR [1] $000	PREMIUM PAID ON NCI [2] $000	TOTAL $000
At 1 August 2017		**1,343**	**644**	**27,412**	**12,653**	**495**	**–**	**(6,029)**	**36,518**
Transfer to net profit – gross		**–**	**–**	**–**	**(12,959)**	**–**	**–**	**–**	**(12,959)**
Transfer to net profit – deferred tax		**–**	**–**	**–**	**3,888**	**–**	**–**	**–**	**3,888**
Revaluation – gross		**–**	**(129)**	**–**	**(8,461)**	**–**	**–**	**–**	**(8,590)**
Revaluation – deferred tax		**–**	**–**	**–**	**2,538**	**–**	**–**	**–**	**2,538**
		1,343	**515**	**27,412**	**(2,341)**	**495**	**–**	**(6,029)**	**21,395**
Transactions with owners in their capacity as owners									
Share based payment expense	27	**–**	**–**	**–**	**–**	**355**	**–**	**–**	**355**
Transfer to contributed equity	20(d)	**–**	**–**	**–**	**–**	**(133)**	**–**	**–**	**(133)**
At 31 July 2018		**1,343**	**515**	**27,412**	**(2,341)**	**717**	**–**	**(6,029)**	**21,617**
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)
		1,343	644	27,412	12,653	266	–	(6,029)	36,289
Transactions with owners in their capacity as owners									
Share based payment expense	27	–	–	–	–	309	–	–	309
Transfer to contributed equity	20(d)	–	–	–	–	(80)	–	–	(80)
At 31 July 2017		1,343	644	27,412	12,653	495	–	(6,029)	36,518

1 FCTR – Foreign currency translation reserve.
2 NCI – Non-controlling interest.
3 AFS – Available for sale.

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 financial assets

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.

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 18. Amounts are recognised in the Statement of Comprehensive Income when the associated hedged transaction affects the Statement of Comprehensive Income.

Share based payments

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	2018 $000	2017 $000
Carrying amount at beginning of year		**1,721,118**	1,630,362
Net profit after income tax		**149,498**	140,620
Dividends paid	19(a)	**(99,738)**	(49,864)
Carrying amount at end of year		**1,770,878**	1,721,118

21. 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				
2018				
Cash and cash equivalents	**–**	**–**	**274,975**	**274,975**
Trade and other receivables	**–**	**–**	**101,043**	**101,043**
Available for sale financial assets	**1,845**	**–**	**–**	**1,845**
Held to maturity investments	**–**	**–**	**205,000**	**205,000**
	1,845	**–**	**581,018**	**582,863**
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
Financial liabilities				
2018				
Lease liabilities	**–**	**–**	**10,232**	**10,232**
Accounts payable	**–**	**–**	**78,753**	**78,753**
Derivative financial instruments	**–**	**3,344**	**–**	**3,344**
	–	**3,344**	**88,985**	**92,329**
2017				
Lease liabilities	–	–	12,588	12,588
Accounts payable	–	–	65,289	65,289
	–	–	77,877	77,877

Notes to the Financial Statements

for the year ended 31 July 2018

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 US dollars 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:

	2018 USD $000	2017 USD $000
Cash and cash equivalents	**6,070**	90,848
Trade receivables	**49,161**	26,521
Forward exchange contracts – sell foreign currency (cash flow hedges)	**201,600**	162,000
Trade payables	**1,363**	538

(II) COMMODITY HEDGE RISK

Commodity hedge contracts are used to manage price risk. Senior management is responsible for managing exposures in pricing by using commodity hedge contracts. Contracts are designated as cash flow hedges. Commodity price contracts are designated at Group level as hedges of price risk on specific future transactions.

Group sensitivity

Based on the trade receivables, cash and trade payables held at 31 July 2018, 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 $4,613,000/($5,638,000) (2017 – $11,377,000/($9,309,000)), 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 2018, 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 $24,406,000/($29,821,000) (2017 – $22,493,000/($18,400,000)). There is no effect on post-tax profits.

Based on the commodity hedge contracts held at 31 July 2018, had the commodity price strengthened/weakened by 10%, the Group's equity would have increased/(decreased) by $5,260,000/($3,626,000) (2017 – nil). There is no effect on post-tax profits.

(III) 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	
	2018 $000	2017 $000	2018 $000	2017 $000
Index				
All Ordinaries – 10% increase	**–**	–	**178**	175
All Ordinaries – 10% decrease	**–**	–	**(178)**	(175)

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.

(IV) FAIR VALUE INTEREST RATE RISK

Refer to (e) below.

21. 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.

	2018 $000	2017 $000
Trade receivables	**101,043**	67,400
Cash at bank and short term bank deposits	**274,975**	236,885
Derivative financial instruments	**–**	18,075

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 17. 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 18.

Trade payables and accruals (note 8) are normally settled within 45 days of recognition. The Group's borrowings (note 17) comprise finance leases payable over a period of two to four years. The finance leases are fixed rate leases with a weighted average interest rate of 3.6%. The table below details the contractual cash flows 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	5,353	10,887	10,232

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. Refer to note 15 for details.

Based on the deposits held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by $1,435,000/($1,435,000) (2017 – nil).

As the Group has no significant borrowings, its profit and loss and operating cash flows are substantially independent of changes in market interest lending rates.

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 2018 and 31 July 2017.

2018	LEVEL 1 $000	LEVEL 2 $000	TOTAL $000
Assets			
Available for sale financial assets			
Equity securities	**1,845**	**–**	**1,845**
Liabilities			
Derivatives used for hedging	**–**	**3,344**	**3,344**

2017	LEVEL 1 $000	LEVEL 2 $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
Liabilities			
Derivatives used for hedging	–	–	–
Total liabilities	–	–	–

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 and commodity price hedge contracts is determined using forward exchange and forward commodity price market rates at the reporting date.

22. INTERESTS IN OTHER ENTITIES

ACCOUNTING POLICY

A. SUBSIDIARIES

Significant subsidiaries include New Hope Bengalla Pty Ltd, Bridgeport Energy Limited and Northern Energy Corporation Limited 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 Balance Sheet.

(i) Bengalla Joint Venture

A subsidiary of New Hope Corporation Limited holds a 40% interest in the Bengalla thermal coal mine in New South Wales. This joint operation is managed by Bengalla Mining Company Pty Limited (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 Burton Mine and Lenton Project area. The subsidiary has a 90% participating interest in this joint operation and is entitled to 90% of the output of the project. The Group's interests employed in the joint operations 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 joint 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:

	2018 $000	2017 $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.	**10,295**	15,670
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
The Company's share of security provided by the bankers of the Bengalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	**6,391**	6,786
No losses are anticipated in respect of any of the above contingent liabilities. There has been a provision recognised for WICET in accordance with note 13 and as such is not included above.		
Lines of credit		
Unrestricted access was available at balance date to the following lines of credit:		
Guarantee facility – available	**197,406**	140,000
Guarantee facility – utilised	**177,868**	139,225
Unused at balance date	**19,538**	775
The parent entity has given unsecured guarantees in respect of:		
(i) Mining restoration and rehabilitation	**153,457**	111,360
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers, financiers and various other entities	**30,803**	34,651
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities with the exception of those identified in note 13 relating to the take or pay contracts of the Colton exploration project which have been recognised as onerous contract provisions.		

24. COMMITMENTS

A. CAPITAL COMMITMENTS

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

	2018 $000	2017 $000
Property plant and equipment		
Within one year	**24,022**	15,716

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 leases office space and small items of office equipment under operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	**10,359**	11,848
Later than one year but not later than five years	**22,272**	23,810
Later than five years	**24,883**	30,911
	57,514	66,569

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 has met all financial commitments associated with a take or pay agreement with WICET during the year despite not currently shipping coal through the terminal. This contract has been determined by the Group to be an onerous contract as at 31 July 2018 with details provided in note 13.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 August 2018, New Hope Corporation Limited reached a binding commitment with Wesfarmers Limited to acquire a further 40% interest in the Bengalla Joint Venture for $860,000,000. New Hope's final interest in the Bengalla Joint Venture is dependent on the actions of other Joint Venture participants during the pre-emptive rights process under the Bengalla Joint Venture Deed. New Hope will own up to an 80% interest in the Bengalla Joint Venture following completion of the transaction which is anticipated to occur in early calendar year 2019.

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 Washington H. Soul Pattinson and Company Limited (WHSP) which at 31 July 2018 owned 50.01% (2017 – 59.65%) of the issued ordinary shares of New Hope Corporation Limited.

B. TRANSACTIONS WITH RELATED PARTIES

	2018 $	2017 $
Reimbursement of travel related expenses paid to Australian controlling entity (WHSP)	**1,957**	875
Payment for legal services rendered (Herbert Smith Freehills)	**35,816**	–
Dividends paid to ultimate Australian controlling entity (WHSP)	**54,683,570**	29,741,785

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

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(III) KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 $	2017 $
Short-term employee benefits	**4,221,628**	3,582,049
Long-term employee benefits	**76,220**	42,820
Post employment benefits	**149,982**	146,488
Share based payment	**356,437**	307,810
	4,804,267	4,079,167

Detailed remuneration disclosures can be found in sections (a) to (j) of the Remuneration Report on pages 43 to 50.

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 2018 financial year. All transactions were on normal commercial terms. During the year there were no amounts payable in respect of these services.

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 New Hope Corporation Limited Employee Performance Rights Share Plan.

The fair value of options granted under the New Hope Corporation Limited Employee Share Option Plan and Rights granted under the New Hope Corporation Limited Employee Performance Rights Share 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 New Hope Corporation Limited Employee Performance Rights Share Plan (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 $355,000 (2017 – $309,000).

RIGHTS

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

	2018		2017	
	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS
As at 1 August	**$1.885**	**933,424**	$2.112	484,795
Granted during the year	**$2.120**	**837,868**	$1.635	468,247
Lapsed during the year	**$1.638**	**(103,356)**	–	–
Vested during the year	**$1.638**	**(81,208)**	$1.540	(19,618)
As at 31 July	**$2.038**	**1,586,728**	$1.885	933,424

The weighted average share price at the date of vesting of rights during the 2018 year was $1.60 (2017 – $1.60).

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

GRANT DATE	VESTING DATE	VALUE OF RIGHT AT GRANT DATE	SHARE RIGHTS 2018	SHARE RIGHTS 2017
12 Dec 2014	1 Aug 2017	$1.581	**–**	50,336
20 Nov 2015	1 Aug 2017	$0.956	**–**	134,228
20 Nov 2015	1 Aug 2018	$1.083	**280,613**	280,613
22 Dec 2016	1 Aug 2019	$0.804	**468,247**	468,247
26 Mar 2018	1 Aug 2020	$1.232	**837,868**	–
Total			**1,586,728**	933,424
Weighted average remaining contractual life of rights outstanding at end of period			**1.4 years**	1.3 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.

28. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

A. SUMMARY FINANCIAL INFORMATION

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

	2018 $000	2017 $000
Balance Sheet		
Current assets	**711,185**	405,674
Non-current assets	**934,894**	1,173,107
Total assets	**1,646,079**	1,578,781
Current liabilities	**476,391**	345,814
Non-current liabilities	**1,260**	2,637
Total liabilities	**477,651**	348,451
Shareholders' equity		
Issued capital	**95,905**	95,772
Reserves		
Share-based payment	**717**	495
Retained earnings	**1,071,806**	1,134,062
	1,168,428	1,230,329
Profit for the year	**37,482**	3,670
Total comprehensive income	**37,482**	3,670

B. GUARANTEES ENTERED INTO BY PARENT ENTITY

Bank guarantees issued in relation to rehabilitation, statutory body suppliers and various other entities	**184,260**	146,011

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.

The parent entity has given an unsecured guarantee in respect of take or pay contracts related to the Colton exploration project. The liability has been recognised in the consolidated accounts of the parent entity as the obligation is recognised as an onerous contract provision at 31 July 2018 of $14,976,000 (2017 – nil).

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

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:

	2018 $000	2017 $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.	**163,752**	127,030
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
The Company's share of security provided by the bankers of the Bengalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	**6,391**	6,786

No losses are anticipated in respect of any of the above contingent liabilities. There has been a provision recognised for WICET in accordance with note 13 and as such is not included above.

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

As at 31 July 2018, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling nil (2017 – 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. 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 Statement of Comprehensive Income for the year ended 31 July 2018 for the closed group:

	2018 $000	2017 $000
Revenue from operations	**613,884**	504,053
Other income	**423**	21,972
	614,307	526,025
Expenses		
Cost of sales	**(321,094)**	(274,961)
Marketing and transportation	**(90,653)**	(126,806)
Administration	**(9,236)**	(7,569)
Debt forgiveness	**–**	(2,509)
Other expenses	**(14,976)**	–
Impairment of assets	**(6,783)**	–
Profit before income tax	**171,565**	114,180
Income tax expense	**(51,498)**	(34,744)
Profit after income tax for the year	**120,067**	79,436
Other comprehensive income		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	**(3,816)**	(4,031)
Transfer to profit and loss for cash flow hedges, net of tax	**(5,083)**	9,625
Other comprehensive income for the year, net of tax	**(8,899)**	5,594
Total comprehensive income for the year	**111,168**	85,030

29. DEED OF CROSS GUARANTEE (CONTINUED)

B. BALANCE SHEET

Set out below is a Balance Sheet as at 31 July 2018 of the closed group:

	2018 $000	2017 $000
Current assets		
Cash and cash equivalents	**271,885**	215,492
Held to maturity investments	**205,000**	–
Trade and other receivables	**235,652**	153,326
Inventories	**46,872**	48,587
Derivative financial instruments	**–**	10,200
Current tax assets	**–**	11,598
Total current assets	**759,409**	439,203
Non-current assets		
Receivables	**653,850**	906,009
Other financial assets	**248,506**	248,506
Property, plant and equipment	**432,599**	391,345
Intangible assets	**8,050**	7,726
Exploration and evaluation assets	**71,316**	55,473
Deferred tax assets	**46,037**	3,777
Total non-current assets	**1,460,358**	1,612,836
Total assets	**2,219,767**	2,052,039
Current liabilities		
Accounts Payable	**65,389**	59,977
Lease liabilities	**2,442**	2,356
Current tax liabilities	**45,946**	–
Provisions	**63,851**	39,279
Derivative financial instruments	**2,512**	–
Total current liabilities	**180,140**	101,612
Non-current liabilities		
Lease liabilities	**7,790**	10,232
Provisions	**127,848**	47,992
Total non-current liabilities	**135,638**	58,224
Total liabilities	**315,778**	159,836
Net assets	**1,903,989**	1,892,203
Equity		
Contributed equity	**91,809**	91,676
Reserves	**35,429**	44,105
Retained earnings	**1,776,751**	1,756,422
Total equity	**1,903,989**	1,892,203

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

Audit and review of financial reports and other audit work under the *Corporations Act 2001*:

	2018 $	2017 $
Deloitte Touche Tohmatsu (Australian firm)	**443,750**	371,500
Total remuneration for audit services	**443,750**	371,500

B. OTHER SERVICES

	2018 $	2017 $
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint ventures	**35,400**	24,000
Ernst & Young (Australian firm)		
Audit of joint ventures	**38,400**	42,000
Total remuneration for other services	**73,800**	66,000
Total auditors' remuneration	**517,550**	437,500

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 hyperinflationary 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.

31. OTHER ACCOUNTING POLICIES (CONTINUED)

B. GOODS AND SERVICES TAX (GST)

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 2017. None of these had a significant effect on the Group.

(i) 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 do not have an impact on the Group as the clarifications align with the approach currently adopted by 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 the 31 July 2018 reporting period and have not been early adopted by the Group. The Group and parent entity'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 has been introduced for the recognition, measurement and disclosure for revenue from contracts with customers. This will replace AASB 118 *Revenue* which covers revenue arising from the sale of goods and the rendering of services and AASB 111 *Construction Contracts* which covers the allocation of contract revenue and contract costs to the reporting periods in which construction work is performed. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified that there are no areas with respect to recognition and measurement for current contracts with customers which will be affected.

AASB 15 is mandatory for financial years commencing on or after 1 January 2018 and as such has an initial application date for the Group of 1 August 2018. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of the initial application date and that comparatives will not be restated. However, as there are no material contracts impacted by the new standard there will be no material adjustments required under the modified retrospective approach.

(ii) AASB 9 *Financial Instruments* – AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The date of initial application of the standard to the Group is 1 August 2018.

The Group's equity investments that are currently classified as available for sale financial assets will satisfy the conditions for presentation as fair value through other comprehensive income (FVOCI). The Group intends to make the irrevocable election to apply this classification on its existing investments from the date of initial application. As such, there will be no change to the accounting for these assets with the exception of reclassification of previously recognised impairment losses from profit and loss to Other Comprehensive Income.

The impact on the Balance Sheet (debit/(credit)) is as follows:

	1 AUGUST 2018
FVOCI – Equity Reserve	$27,861,000
Retained Earnings	($27,861,000)

The other financial assets held by the group include:

- Trade and other receivables are assets held primarily in order to collect contractual cash flows and meet the conditions to be measured at and classified at amortised cost under AASB 9 with the exception of provisionally priced trade receivables which will be recognised as FVTPL;
- Term deposits currently classified as held-to-maturity and measured at amortised cost and will remain so classified under AASB 9.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified from the FVOCI reserve to retained earnings.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken and nature of current and historical financial assets, the Group expects no change in its impairment provisions.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of AASB 9. There is no rebalancing of any of the hedging relationships necessary on initial application as the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under AASB 9's effectiveness assessment requirements. The Group has also not designated any hedging relationships under AASB 9 that would not have met the qualifying hedge accounting criteria under AASB 139.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to minimally change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(iii) AASB 16 *Leases* – Replaces AASB 117. AASB 16 *Leases* will result in almost all leases of lessees being on Balance Sheet, with the distinction between operating and finance leases effectively removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the inception of the lease. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the balance date, the Group has non-cancellable operating lease commitments of $57,514,000, see note 24(b). The Group considers that almost all of these will be recognised on Balance Sheet with only minor portions relating to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

The Group has undertaken a detailed assessment of lease, hire and similar arrangements to identify and assess the classification of leases as well as calculation of the potential right-of-use asset and lease liabilities. In addition, the Group have assessed relevant policy elections regarding low value thresholds and transition approaches.

Based on the current assessment, a right-of-use asset and lease liability aligning materially to leases outlined in the lease commitments in note 24(b) will have to be recognised on adoption of the new standard. The reclassification will affect the Group's Statement of Comprehensive Income and classification of cash flows going forward.

AASB 16 *Leases* is mandatory for financial years commencing on or after 1 January 2019 and the Group does not intend to adopt the standard before its effective date. As such, the date of first application of the standard will be 1 August 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year ending 31 July 2019 upon initial adoption. As the standard is not applicable until 1 August 2019 and with the acquisition of a further interest in the Bengalla Joint Venture anticipated as outlined in note 25 the Group has not yet finalised the full impact of adopting the new standard on transition.

(iv) 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 53 to 103 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 2018 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.

The Basis of preparation on page 59 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

Sydney
17 September 2018

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

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 2018, 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.

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 2018 and of their performance for the year then ended; and

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

Basis for 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.

<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, 12 and 13)

As at 31 July 2018 the Group has property, plant and equipment of $1,350 million, exploration and evaluation assets of $280 million, intangible assets of $58 million which includes 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.

Specific areas of management judgement during the year were:

- The 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 Queensland Coal CGU. Disclosures are set out in Note 10 to the financial statements; and
- The assessment that an indicator of impairment existed as at 31 July 2018 in respect of the Colton exploration project. As disclosed in Note 12 to the financial statements, the increasing costs associated with access to the Wiggins Island Coal Export Terminal (WICET) and the ongoing reassessment of the JORC reserves position for the asset were considered to be an indicator of impairment. A further related area of management judgement disclosed in Note 13(c) to the financial statements relates to the assessment of contracts associated with the Colton project as onerous contracts. The impairment assessment undertaken has resulted in a full impairment of the carrying value of the Colton assets of $133 million. There has also been an associated recognition of a provision for onerous take or pay agreements of $15 million.

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.

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Our audit 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 judicial review handed down on 28 May 2018 and the ongoing Queensland Land Court process;
  - assessing the Group's 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.
- in relation to management's assessment of the recoverability of the carrying value of the Colton exploration project assets and associated considerations in relation to the project's take or pay agreements:
  - obtaining an understanding of management's assessment of the increasing costs associated with access to WICET and their associated ongoing assessment of the marketable reserves of the project in light of the increasing project costs;
  - evaluating the key assumptions used by management in assessing the fair value less costs of disposal of the Colton project including their basis for determination of an appropriate comparable transaction multiple taking into account the assessed impact of the onerous take or pay contracts;
  - obtaining an understanding of the legal considerations relevant to management's assessment and calculation of the Group's lowest unavoidable costs associated with the take or pay contracts; and
  - verifying the mathematical accuracy of the impairment expense and onerous contract provision recognised in the financial statements.
- assessing the appropriateness of the disclosures in Notes 10, 11, 12 and 13 to the financial statements.

</td></tr>
</table>

Independent Auditor's Report

to the Members of New Hope Corporation Limited

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
Rehabilitation provision *(refer Note 13)* As at 31 July 2018 the Group has provisions for mining restoration and rehabilitation of $168 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.	Our audit 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.

Other Information

The directors are responsible for the other information. The other information comprises the Financial Summary, Directors' Report, Tax Contribution 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 and Sustainability Report, 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 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 and Sustainability Report, 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.
- 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 43 to 50 of the Directors' Report for the year ended 31 July 2018.

In our opinion, the Remuneration Report of New Hope Corporation Limited, for the year ended 31 July 2018, 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, 17 September 2018

Glossary

ACRONYM	MEANING
AASB	Australian Accounting Standards Board
Acland Pastoral	Acland Pastoral Company Pty Ltd
APC	Acland Pastoral Company
AFS	Available for sale
APES	Accounting professional and ethical standard
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
AWL	Associated Water Licence
bbl	Barrels
bcm	Bank cubic meters
BMC	Bengalla Mining Company
bopd	Barrels of oil per day
CCS	Carbon Capture and Storage
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating units
CODM	Chief Operating Decision Maker
COO	Chief Operating Officer
DEHP	Department of the Environment and Heritage Protection
EA	Environmental Authority
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECL	Expected credit losses
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPBC	Environmental Protection and Biodiversity Conversation Act
FCTR	Foreign Currency Translation Reserve
FTE	Full Time Employees
FVLCD	Fair value less cost to dispose
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GHG	Greenhouse Gas
GJ	Giga Joule
GKBA	Greater Kenmore and Bodalla Area
GST	Goods and Services Tax
ha	Hectare
HELE	High Efficiency Low Emission
IASB	International Accounting Standards Board
IEA	International Energy Agency
IFRIC	International financial reporting interpretations committee
IFRS	International Financial Reporting Standards
JORC	Joint Ore Reserves Committee

Glossary

ACRONYM	MEANING
KMP	Key management personnel
KPI	Key performance indicator
LGP	Low grade pressure
LTI	Long-term incentives
M	Million
MD	Managing Director
MES	Mine Energy Solutions Pty Ltd
ML	Mining leases
Mt	Million tonnes
NAC03	New Acland Stage 3 Project
NCI	Non-controlling interest
NEC	Northern Energy Corporation Limited
NHCL	New Hope Corporation Limited
NPAT	Net Profit After Tax
OCAA	Oakley Coal Action Alliance
OCI	Other comprehensive income
PCA	Potential Commercial Area
PCI	Pulverised Coal Injection
POB	Port of Brisbane
PRM	Personal Risk Management
PRMS	Petroleum Reserves Management System
PRRT	Petroleum Resource Rent Tax
QBH	Queensland Bulk Handling
QCA	Queensland Competition Authority
ROM	Run of Mine
RPEQ	Registered Professional Engineer of Queensland
SBP	Share based payment
SPE	Society of Petroleum engineers
STEM	Science, Technology, Engineering and Mathematics
STI	Short-term incentives
T	Thousand
TFA	Tax funding agreements
TFR	Total fixed remuneration
TRIFR	Total recordable injury frequency rate
TSA	Tax sharing agreements
TSR	Total shareholder return
USD	US Dollar
USQ	University of Southern Queensland
WACC	Weighted average cost of capital
WHSP	Washington H. Soul Pattinson and Company Pty Ltd
WI	Working Interest
WICET	Wiggins Island Coal Export Terminal
#	Number of

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Coal			
Bee Creek	EPC777	Bowen Basin	'The Bee Creek Project is in the Bowen Basin, Queensland, approximately 100km south west of Mackay, and west of the Nebo Township. In terms of surrounding tenures, EPC777 is immediately east of South Walker Creek Mine. Hail Creek Mine is located to the north of EPC777. '
Childers	EPC1265	Maryborough Basin	EPC 1265 is centred approximately 3km east of the town of Childers, Queensland. Taroom Coal Pty Ltd applied for the tenure in March 2008, and it was granted in September 2015, with the intent to explore for coal. The tenure is located in close proximity to New Hope Group's Colton Project.
Churchyard Creek	EPC1876	Bowen Basin	The Churchyard Creek tenement is located approximately 45km north of the town of Blackwater in Central Queensland. The primary focus of New Hope Group'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, Mines and Energy and the Department of Environment and Science, commenced final rehabilitation of the site. Rehabilitation monitoring and maintenance is ongoing.
Collingwood	EPC1322 EPC640 MLA55011 MLA55012 MLA55015 MLA55016'	Surat Basin	The Collingwood Project is located approximately 15km north of the township of Wandoan, Queensland. The New Hope Group acquired full ownership of the Collingwood Project in 2015. The Surat Basin has been identified by New Hope Group as a strategic investment opportunity. Pre-feasibility for all four North Surat Project Areas; Collingwood, Elimatta, Taroom & Woori has commenced.
Colton	EPC1082 EPC923 ML50273 ML50274 ML50280'	Maryborough Basin	The Colton Project is located near Maryborough, Queensland.
Culgowie	EPC1205	Surat Basin	EPC1205: Culgowie is located approximately 375 km west, north-west of Brisbane and approximately 10–15 km north of the town of Wandoan. The tenure lies in the northern Surat Basin of South-East Queensland. New Hope Group considers Culgowie to be a key component of the Elimatta Project due to its proximity to the Leichhardt Highway and the proposed 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 km south-west of Taroom. The Elimatta Project is based on the development of a thermal coal resource (JORC 2004 compliant) within the Juandah Formation in the Surat Basin. Pre-feasibility has commenced.
Inglewood	EPC970	Surat Basin	The town of Millmerran is 25 km to the north of EPC970: Darling Downs. The EPC extends some 10km west and 50km south of the town. The primary focus of New Hope Group's exploration program is to further evaluate the economic potential of EPC970.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Jandowae	EPC760	Surat Basin	The tenement lies approximately 30km 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. The current Project consists of 11 mining leases and one Petroleum Facility Licence. 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. Mining at Jeebropilly will cease in 2019.
New Acland	EPC1136 EPC762 EPC919 MDL244 ML50170 ML50216 MLA50232 MLA700002'	Surat Basin	The New Acland Project is located north-west of Oakey, Queensland. Open cut coal mining activities are conducted on MLs 50170 and 50216. New Aacland Coal mine transports product coal from the mine by rail and road and supplies coal to export and domestic markets.
Lenton JV Burton Mine	EPC1675 EPC766 EPC865 ML70337 MLA70456 EPC857 MDL315 MDL349 ML70109'	Bowen Basin	'This Project is located in the Bowen Basin Coalfields, approximately 65 km north-west of Nebo and 20 km south of Glenden in Central Queensland. The Project will produce coking and thermal coal for export. Neighbouring ML 70109 and its infrastructure, along with EPC 857, MDL 315 and MDL 349, were acquired from Peabody (Burton Coal) Pty Ltd in November 2017'.
New Oakleigh	ML4568 ML4584 ML4675 ML4683 ML4698 ML4699 ML50175'	Clarence-West Moreton Basin	New Oakleigh Coal Pty Ltd, a wholly owned subsidiary within the New Hope Group, is the holder of the seven mining leases associated with the New Oakleigh Coal Mine. The mine is located approximately 2km 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 in parallel with mining operations to 2012. Rehabilitation of the site by New Oakleigh Coal Pty Ltd is ongoing.
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 Exploration Pty Ltd's exploration program is to further evaluate the economic potential of the Pittsworth Project tenures.
Taroom	MDL158 MDL275 MLA55006'	Surat Basin	The Taroom Project is located 9km east south-east of the town of Taroom. The Taroom Project is being assessed as part of a program of assets including Elimatta, Collingwood and Woori. Pre-feasibility has commenced.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Taroom East	EPC2207	Surat Basin	EPC2207 is located 13km south-east of Taroom, within the shire of Banana. EPC2207 is part of the Taroom Project, which is one of four New Hope Group (NHG) Projects in the North Surat Basin area.
Woori	MDL187 MLA50247 MLA50248'	Surat Basin	New Hope Group acquired full ownership of the Woori Project in 2015. The Surat Basin has been identified by New Hope Group as a strategic investment opportunity. New Hope Group now holds a resource of thermal coal through several deposits including Taroom, Elimatta, Collingwood, and Woori. Pre-feasibility has commenced.
Yamala	EPC927 MDL3007'	Bowen Basin	The Yamala Project is located approximately 35km east of Emerald, and 6km west of the town of Comet. The Project tenures lie in the central Bowen Basin, Queensland. The primary focus of New Hope Group's program for the Yamala Project is to further evaluate its economic potential.
Bengalla	ML1728 ML1450 ML1729 ML1397 ML1469 ML1711'	Hunter Valley	Bengalla is a single pit open cut mine, using a dragline, truck and excavator method. Geologically, the operation is situated in the Permian, Sydney Basin and mines the Whittingham Coal Measures of the Hunter Coalfields.
Minerals			
Courtenay	EPM18581 EPM19508'	Mount Isa Inlier	The Courtenay Project has the potential to host Iron Oxide Copper Gold (IOCG) and Broken Hill Type (BHT) mineralised systems. The primary focus of New Hope 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 km north, north-east of Cloncurry. The primary focus of New Hope 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.
Oil & Gas			
Cuisinier	PL 303	Eromanga	64 km^2'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 4,525 bopm to Bridgeport.
Inland	PL 98	Eromanga	40 km^2'total – Bridgeport holds 100% interest and is the operator of the Inland oil field. The field is currently producing at 4,320 bopm.
Utopia	PL 214	Eromanga	220 km^2'total – PL 214 is located southeast of the township of Eromanga in southwestern Queensland. The field presently produces at 2,542 bopm.
Bodalla South	PL 31	Eromanga	258 km^2'. Bodalla South is producing at around 5,396 bopm.
Kenmore	PL 32	Eromanga	258 km^2'. Kenmore is producing at 6,965 bopm.
Black Stump	PL 47	Eromanga	28 km^2'. Black Stump is producing at 579 bopm.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Marcoola/Coolum/ Byrock	PLs 482/483/484	Eromanga	30 km^2. These fields are producing at 915 bopm.
Bargie	PL 256	Eromanga	15 km^2. Bridgeport holds 93.9% of this oil field that is producing at 202 bopm.
Jackson/Watson	Naccowlah PLs	Eromanga	1,477 km^2 in area. This production project is operated by Santos. Bridgeport's 2% holding netted 3,146 bopm.
Maslins	PEL 641	Eromanga	1,954 km^2. Tenement was granted 9-02-2018 and has been put in suspension to allow time to farm-out interest.
Playford	PEL 630 [1]	Cooper-Eromanga	393 km^2 – This exploration tenement is located on the prospective Western flank of the Cooper Basin and is operated by Beach Energy. BEL WI=50%
Barta	ATP 752/ PCA 206/207	Eromanga	380 km^2. This exploration block (BEL 15%) is adjacent to the Cuisinier oil field and newly-acquired seismic data has identified some drilling candidates. Santos operates ATP 752.
Wompi/Nubba/ Yilgarn	ATP 752/PCA 155	Cooper-Eromanga	91 km^2. Bridgeport holds 17.5% of this gas project, which is operated by Santos.
Coolum/Byrock	ATP 269	Eromanga	390 km^2. This exploration tenement was acquired with the Kenmore-Bodalla assets.
	ATP 736 ATP 737 ATP 738	Cooper-Eromanga	6,400 km^2 – Bridgeport holds 45% of these exploration permits, which are operated by Senex. Technical studies to assess the oil and gas potential of these Cooper Basin tenements are progressing.
Nubba/Yilgarn	PCA 155	Cooper-Eromanga	91 km^2. Bridgeport holds 17.5% of this gas project.
Barcoo Block	ATP 2025 ATP 2026	Cooper-Eromanga	310 km^2/1,725 km^2. Bridgeport operates and hold 100% of this area, which is the subject of multiple Potential Commercial Area applications.
Canaway	ATP 948	Cooper-Eromanga	2,007 km^2. Technical studies have identified a prospective fairway that is the subject of a 100 line km 2D seismic survey.
Naccowlah Block	ATP 1189	Eromanga	1,065 km^2 – Bridgeport holds 2% interest in exploration tenement ATP 1189 that is located in the vicinity of the Jackson production facility, operated by Santos. Up to 3 exploration wells are being planned for drilling.
Morney	ATP 2022	Cooper-Eromanga	441 km^2 – Adjacent to the Inland oil field. Granting of ATP 2022 is subject to execution of a native title agreement, which could be concluded in 2019.
Akama	ATP 2023	Cooper-Eromanga	434 km^2. This application area (adjacent to the Naccowlah project area) is expected to be granted to Bridgeport in 2019.
Olba	ATP 2024	Cooper-Eromanga	421 km^2. This application area (adjacent to the Naccowlah project area) is expected to be granted to Bridgeport in 2019.
Moonie	PL 1 (1)	Surat	201 km^2 – PL 1 is located in the eastern Surat Basin of southeast Qld. The field is producing at approximately 4,500 bopm.
Cabawin	PL 1 (2) PL 1 (2) FO	Surat	1 km^2/54 km^2. 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^2 – 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.

1 BEL holds a 50% WI (Beach Operates) in PEL 630. Elsewhere when no WI% is given, please assume 100% BEL interest.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Donga	ATP 805/PCA 161	Surat	153 km^2 – 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 FO	Surat	259 km^2. Bridgeport holds 25% of this non-producing petroleum lease, which is operated by AGL.
	PEP 150	Otway	3,253 km^2 – Bridgeport has increased its interest holding to 50% at no cost and has been appointed operator. The tenement is affected by the current drilling moratorium, onshore Victoria.
Arkarua	PEP 151	Otway	864 km^2 – This exploration permit is located near the town of Portland in southwest Victoria. Bridgeport holds 100% of the tenement, which is under an onshore exploration moratorium.

Shareholder Information

as at 31 July 2018

As at 10 September 2018 there were 831,266,604 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	1,731	863,442	–	–
1,001 – 5,000	2,225	6,526,537	–	–
5,001 – 10,000	1,278	8,989,376	–	–
10,001 – 100,000	998	27,123,251	5	344,977
100,001 and over	84	787,763,998	3	961,138
	6,316	831,266,604	8	1,306,115
Holding less than a marketable parcel	344	16,165		

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	**415,696,418**	50.01%
Mitsubishi Materials Corporation	**93,240,000**	11.22%
Perpetual Limited and subsidiaries	**114,039,502**	13.72%

20 largest shareholders as disclosed on the share register as at 10 September 2018.

SHAREHOLDER	NUMBER OF SHARES	%
Washington H Soul Pattinson And Company Limited	**415,696,418**	50.01%
Mitsubishi Materials Corporation	**93,240,000**	11.22%
HSBC Custody Nominees (Australia) Limited	**67,039,442**	8.06%
J P Morgan Nominees Australia Limited	**45,315,509**	5.45%
Citicorp Nominees Pty Ltd	**35,209,102**	4.24%
UBS Nominees Pty Ltd	**28,241,291**	3.40%
Farjoy Pty Ltd	**15,500,000**	1.86%
BKI Investment Company Limited	**14,815,952**	1.78%
Domer Mining Co Pty Limited	**10,000,000**	1.20%
BNP Paribas Noms Pty Ltd (Drp)	**9,735,626**	1.17%
National Nominees Limited	**8,406,459**	1.01%
HSBC Custody Nominees (Australia) Limited (NT Comnwlth Super Corp A/C)	**6,138,380**	0.74%
Taiheiyo Kouhatsu Inc	**4,054,000**	0.49%
CS Fourth Nominees Pty Ltd (HSBC Custodian Nom AU Ltd 11 A/C)	**3,982,998**	0.48%
UBS Nominees Pty Ltd	**2,622,385**	0.32%
HSBC Custody Nominees (Australia) Limited – A/C 2	**2,146,503**	0.26%
J S Millner Holdings Pty Limited	**2,109,197**	0.25%
Neweconomy Com AU Nominees Pty Ltd (900 Account)	**1,479,592**	0.18%
BNP Paribas Nominees Pty Ltd (Agency Lending Drp A/C)	**1,477,452**	0.18%
Brazil Farming Pty Ltd	**1,403,077**	0.17%
	768,613,383	92.47%

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	**1,306,115**	8

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