NEW HOPE GROUP

2019 ANNUAL REPORT

Contents

NEW HOPE CORPORATION LIMITED AND CONTROLLED ENTITIES CORPORATE DIRECTORY

DIRECTORS

Robert D. Millner Chairman of Directors

Todd J. Barlow Non Executive Director

William H. Grant Non Executive Director

Thomas C. Millner Non Executive Director

Sue J. Palmer Non Executive Director

Ian M. Williams Non Executive Director

MANAGING DIRECTOR

Shane O. Stephan

COMPANY SECRETARY

Janelle S. Moody

AUDITORS

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Looking forward
to a brighter future.

Sustainable energy for
sustainable communities.

2019 Snapshot

FINANCIALS

▲11%

EBITDA
(before non regular items)

$517M

▲13%

FINAL DIVIDEND

9.0 cents

▲23%

TOTAL TONNES SOLD

10.9M

▲3%

EARNINGS PER SHARE
Before non regular items

32.3 cents

▲3%

PROFIT AFTER INCOME TAX
(before non regular items)

$268M

OPERATIONS

▲18%

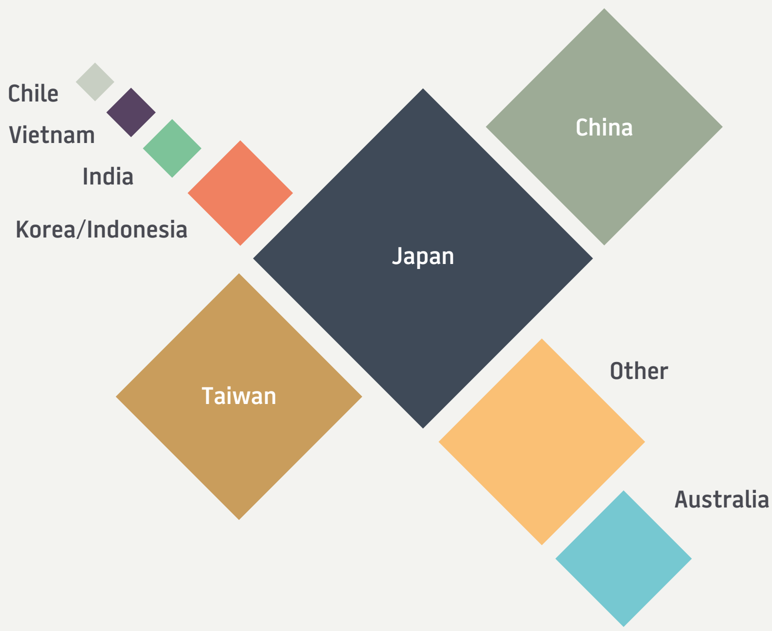
CASH GENERATED FROM OPS
(before interest, tax and acquisition costs)

$510M

CUSTOMER PROFILE

Total segment revenue by geographical location

Japan	$557.3M
China	$116.3M
Taiwan	$312.7M
Chile	$19.4M
Korea/Indonesia	$97.0M
Vietnam	$1.9M
India	$10.2M
Other	$98.2M
Australia	$78.9M

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Chairman's Review

Dear Shareholders,

By many criteria 2019 was a record year for New Hope. The Company achieved record saleable production and sales as well as a record full year profit before non regular items. Jeebropilly, our oldest operation which will close this calendar year, delivered its best ever financial performance. The team at Jeebropilly are achieving their objective of finishing well as the last operating mine in the West Moreton district of Queensland.

Our continued success validates our customer driven strategy in meeting their demand for high quality thermal coal. Asian power utilities continue to invest in new High Efficiency Low Emissions (HELE) thermal coal power generation capacity. These HELE power plants have economic lives of many decades. Realising this market opportunity, New Hope over the past year increased its interest in the Bengalla mine from 40% to 80% through acquisition of an additional 30% interest from Wesfarmers on 3 December 2018 and an acquisition of 10% from Mitsui on 25 March 2019.

Bengalla now forms the largest component of New Hope's asset portfolio with the mine's management an integral part of the New Hope management team. Bengalla achieved many milestones during the past year as it celebrated twenty years of operations including achieving record monthly production and a new sustained production target of 10 million tonnes per annum. Working with our joint venture partner, Taipower we have simplified the ownership and management processes at the mine. Your management team is working on several further initiatives to optimise returns from our significant investment in Bengalla.

Affordable, reliable access to electricity is a foundation stone of economic development. Our resources help improve the living standards of our Asian neighbours and coal will continue to play a key role in poverty alleviation and economic development. For example, India currently generates approximately 75% of its electricity from coal. By 2040 the International Energy Agency predicts that India will use coal to produce only around half of their electricity.

However, because of the significant increase in per capita electricity demanded over this time, it is forecast that India will need an additional 700 million tonnes of coal every year compared to today. Over 150 million people in India lack access to electricity. How do the anti-coal activists morally justify withholding the benefits of affordable electricity from so many people?

Your Company creates wealth for its stakeholders though providing energy, a key development need, to these growing markets creating massive benefits to the large populations demanding energy to our north. These demands will continue to grow.

Financial Performance

An increase in sales tonnages in combination with healthy coal prices has enabled the Company to achieve a full year profit before tax and non regular items of $384.3 million up 3% on last year's record of $373.2 million.

After non regular items the Company reported net profit after tax of $210.7 million for the year ended 31 July 2019. The result is 41% higher than the 2018 result of $149.5 million.

During the year the Company generated a strong cash operating surplus of $509.8 million (before acquisition costs, interest and tax) which is an increase of 18% on the 2018 result of $433.9 million.

Before non regular items, basic earnings for 2019 were 32.3 cents per share, compared to 31.5 cents per share in 2018. After non regular items, basic earnings per share were 25.3 cents per share for 2019 against 18.0 cents in 2018.

Directors have declared a final dividend of 9.0 cents per share (2018 – 8.0 cents per share). This dividend is fully franked at a rate of 30% and payable on 5 November 2019 to shareholders registered as at 22 October 2019.

Key Points

The Company produced 10.9 million tonnes of saleable coal in 2019 which is a 21% increase on 2018 and the highest in the Company's history. New Hope's two operating mines in South East Queensland (New Acland and Jeebropilly) combined to produce 4.8 million tonnes of saleable coal during the year ended 31 July 2019. New Hope's share of the Bengalla mine (which increased from 40% to 80% during the year) produced 6.0 million tonnes.

Safe production is a value of New Hope. Safety controls have to be particularly effective when using such large equipment with high levels of stored energies as in the resources industry. During the past year the safety performance of the Queensland mining industry has been particularly poor resulting in the entire industry undertaking a "safety reset" involving a recommitment by all staff to core safety principles. Some of our operations, such as Bridgeport and Queensland Bulk Handling continued their remarkable track record of no lost time injuries occurring for many years of operation. Our group Total Recordable Injury Frequency Rate continued its long-term downwards trend and Jeebropilly won the Queensland Mining Industry Best Health and Wellness Program Award.

Tragically on 3 November 2018 a tyre fitter employed by a contractor to Bengalla was fatally injured. The NSW Department of Planning's Resource Regulator is continuing their investigations and Bengalla continues to cooperate with the authorities. Bengalla continues to offer support tothe contractor's family and to all personnel who have been affected by the tragedy.

Acland Pastoral operations continued to manage its breeder herd through a severe drought period with minimal losses. During the summer drought period up to 400 head

▲3%

PROFIT BEFORE INCOME TAX

(BEFORE NON REGULAR ITEMS)

$384M

▲21%

REVENUE FROM OPERATIONS

$1,306M

of cattle grazed on New Acland Mine rehabilitation areas. The irrigation footprint at Acland operations has increased from 26 to 112 hectares. Acland Pastoral expertise is now being applied to buffer land areas at Bengalla.

New Hope's oil production subsidiary, Bridgeport Energy Limited produced 381,000 barrels during 2019 a 2% increase on 2018. During the year five development wells were drilled of which three were successful and placed into production. Bridgeport has also been successful in de-risking its exploration portfolio through negotiation of several farm-out agreements.

Following the positive result of a judicial review in the Queensland Supreme Court of the original Land Court decision, the New Acland Stage 3 project approvals were remitted to the Queensland Land Court.
On 7 November 2018 the Land Court handed down a positive recommendation and subsequently, in February 2019 the Coordinator-General issued a change report approving amendments to noise limit conditions as recommended by the Land Court. During March 2019 the Queensland Department of Environment and Science granted the application to amend the Environmental Authority. An appeal to the Supreme Court decision was heard in the Queensland Court of Appeal during late February and very early March 2019. On 10 September 2019, the Queensland Court of Appeal ruled against Oakey Coal Action Alliance on all matters it had appealed and in the Company's favour on the matter of apprehended bias and groundwater.

The Acland Stage 3 project needs to secure Mining Leases, an Associated Water Licence, the continued use of the Jondaryan load-out facility and a number of secondary approvals before mining activity can commence. New Hope remains committed to delivering the New Acland Stage 3 project, the approval of which in a timely manner is crucial to the continuity of operations and therefore employment for approximately 300 employees and 500 contractors.

Unfortunately at the time of release of this report these approvals have not been forthcoming from the Queensland Government and therefore the Company has had to begin a redundancy process for 150 employees.

Conclusion

Your Company continues to grow despite the real impediments to growth caused through over regulation of the Australian resources industry. Back in 2011 environmental activists prepared a strategy called, "Stopping the Coal Export Boom". Their strategy was to use the court systems to hold up projects by prolonging approval processes to discourage investment. Sadly many of these campaigns are being funded by State Governments using our taxes, having the effect of costing jobs in regional Australia. These anti-development campaigns have been effective due to outdated overly complex legislation and have resulted in a significant deterioration in our political risk profile for resource investment. The Fraser Institute has ranked Queensland in the policy area of "certainty of environmental regulation" behind Russia, PNG, and Congo.

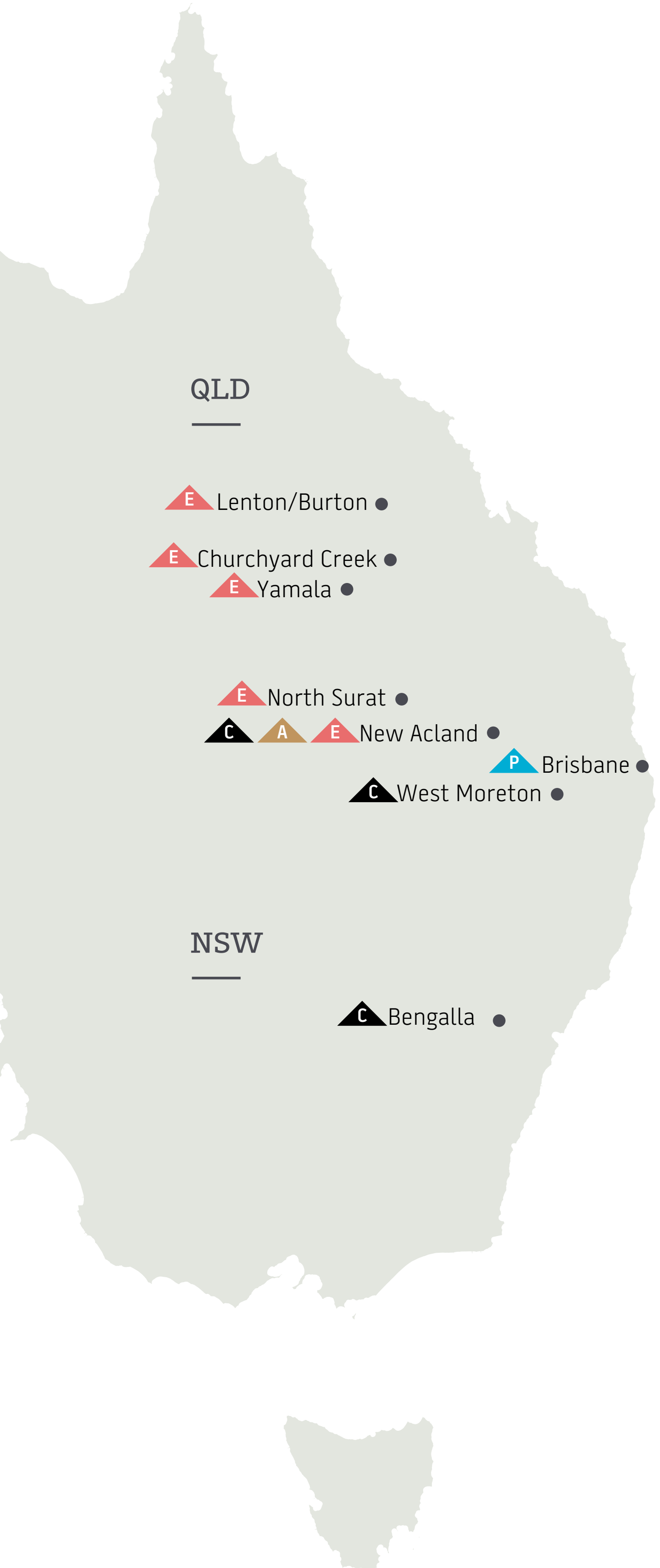
It is encouraging to see the establishment of a Productivity Commission inquiry into the unnecessary red tape holding back investment in the resources industry. Hopefully the tide is turning as a greater number of people become aware of the critical importance of the resources industry to the quality of living for all Australians. Put simply, the resource industry generates high paying jobs and not just in the regions but also in our capital cities.

Whilst other companies are giving up, exiting assets for non-financial reasons, New Hope will continue to meet the challenge of growing a profitable coal exporting business serving our Asian customer's needs.

I thank my Board colleagues for their significant efforts during this very active year for the Company. I would also like to thank the management and staff of the Company for their work in producing the record financial result whilst also demonstrating resilience in progressing the New Acland Stage 3 approvals process. Finally, I acknowledge the continued support we receive from you, our shareholders.

R.D. Millner | CHAIRMAN

Operations overview



OPERATIONS COAL
OPERATIONS AGRICULTURE
OPERATIONS PORT FACILITY
EXPLORATION & DEVELOPMENT

EXPLORATION & DEVELOPMENT

LENTON/BURTON

PROJECT NAME
Lenton Joint Venture Burton Mine

LOCATION
Bowen Basin, Queensland

PROJECT AREAS
Burton Mine and Lenton Project

PRODUCT
Coking/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

Neighbouring greenfield Mine

DEVELOPMENT STATUS
Progressing a major amendment to the Environmental Authority, Associated Water Licence (AWL) application and *EPBC Act* referral.

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 together as the North Surat Project is being finalised. On ground exploration coal quality core drilling program undertaken at Taroom for improved resource definition. The Elimatta Mining Lease applications have entered the final stages of the 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 (New Hope 80%, and Taipower 20%).

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 and implementation 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.

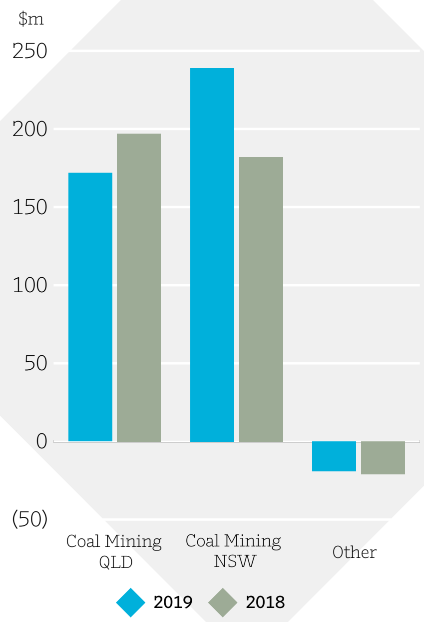
AGRICULTURE

ACLAND PASTORAL COMPANY

Cattle breeding, backgrounding 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

Segment profit before tax and non regular items



The Company reported net profit before tax and non regular items of $384.3 million for the year ended 31 July 2019. The result is 3% higher than the 2018 result of $373.2 million. The contribution of the operating segments to the net profit before tax and non regular items of $391.7 million (2018 – $357.9 million) is shown in the graph to the left.

After non regular items the Company reported net profit after tax of $210.7 million for the year ended 31 July 2019. The result is 41% higher than the 2018 result of $149.5 million.

During the year the company generated a strong cash operating surplus of $509.8 million (before acquisition costs, interest and tax) which is an increase of 18% on the 2018 result of $433.9 million.

Before non regular items, basic earnings for 2019 were 32.3 cents per share, compared to 31.5 cents per share in 2018. After non regular items, basic earnings per share were 25.3 cents per share for 2019 against 18.0 cents in 2018.

Directors have declared a final dividend of 9.0 cents per share (2018 – 8.0 cents per share). This dividend is fully franked and payable on 5 November 2019 to shareholders registered as at 22 October 2019.

Compared to the previous corresponding period, the 2019 full year result benefited from:

- Increased production and sales driven by the acquisition of an additional interest in the Bengalla Joint venture;
- 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 at Bengalla with increased stripping activities combined with timing of major repairs;
- Reduction in interest revenue and increase in interest expenses resulting from borrowings required for the Bengalla acquisition; and
- Non regular items including acquisition costs relating to the Bengalla acquisition.

Operations

The Company remains focused on safety with all sites recently completing safety reset conversations following industry wide consultation on the importance of safety at work. A refocus on hazard identification and the implementation of effective controls has occurred across all sites including a focus also on personal risk management and safe behaviours.

OPERATIONS

The Company produced 10.9 million tonnes of saleable coal in 2019 which is a 21% increase on 2018. New Hope's two operating mines in South East Queensland (New Acland and Jeebropilly) combined to produce 4.8 million tonnes of saleable coal during the year ended 31 July 2019. New Hope's share of the Bengalla mine (which increased from 40% to 80% during the year) produced 6.0 million tonnes.

The total quantity of coal sold in 2019 was 10.9 million tonnes.

NEW ACLAND COAL MINE

New Acland produced 4.1 million tonnes of clean coal for the year, down 8% year on year due to operating constraints and the quality of raw coal as operations extract the final coal from the Stage 2 resource area. Key achievements and challenges during the period included:

- Recovering all coal from South Pit in the Stage 2 area and preparing for a transition to Stage 3 once approvals are received;
- Progressing with difficult but economic coal recovery in the underground workings in West Pit whilst undertaking strict noise monitoring to ensure compliance with the sites operating conditions; and
- The Department of Natural Resources and Mines certifying 349ha of rehabilitation, the single largest certification at an opencut operation in Queensland.

Safety continues to be a prime focus at New Acland. The site recorded two lost time injuries, four disabling injuries and three medical treatment cases over the 12 months. Nine high potential incidents were reported to the Department. The site continued to focus on personal risk management processes as well as increasing intra-site communication and learning from incidents.

▸ New Acland Stage 3 Development (NAC03)

The remitted Queensland Land Court hearing took place in early October 2018. On 7 November 2018, the Court handed down a positive recommendation in respect of the New Acland Mine Stage 3 mining lease and environmental authority amendment applications. On 12 February 2019, the Coordinator-General of Queensland issued a change report approving amendments to noise limit conditions as recommended by the Land Court.

On 12 March 2019 the Queensland Department of Environment and Science granted the application to amend the Environmental Authority. From 27 February to 1 March 2019, the Queensland Court of Appeal heard the Oakey Coal Action Alliance (OCAA) appeal against the May 2018 Judicial Review findings of the Queensland Supreme Court. On 10 September 2019, the Company received the judgement from the Queensland Court of Appeal in relation to the New Acland Stage 3 project which ruled against OCAA on all matters and in favour of New Acland on groundwater and apprehension of bias. The Company is pleased with the outcome however will await final orders to be handed down in due course before assessing next steps for the project. The Group remains committed to delivering the New Acland Stage 3 project in a timely manner to ensure continuity of operations and ongoing employment in the region.

The public notification period for the AWL application ended on 7 May 2019.

A change request was submitted to the Office of the Coordinator-General on 24 May 2019 regarding Imposed Condition 4 from the Coordinator-General's evaluation report on the Environmental Impact Statement (December 2014). The application seeks the extended use of the Jondaryan load-out facility for a period of time to allow the new rail infrastructure to be built. Public notification of the change request occurred from 22 June to 21 July 2019.

The project needs to secure Mining Leases (ML), an AWL and a number of secondary approvals before mining activity can commence.

New Hope remains committed to delivering the New Acland Mine Stage 3 project and will continue to work with the relevant government departments to ensure all necessary approvals are received for the project. Obtaining final approval in a timely manner is critical to ensuring the continuity of operations and therefore employment for approximately 300 employees and 500 contractors currently engaged at the New Acland mine. Unfortunately at the time of release of this report these approvals have not been forthcoming from the Queensland Government and therefore the Company has had to begin a redundancy process for 150 employees.

New Acland Exploration

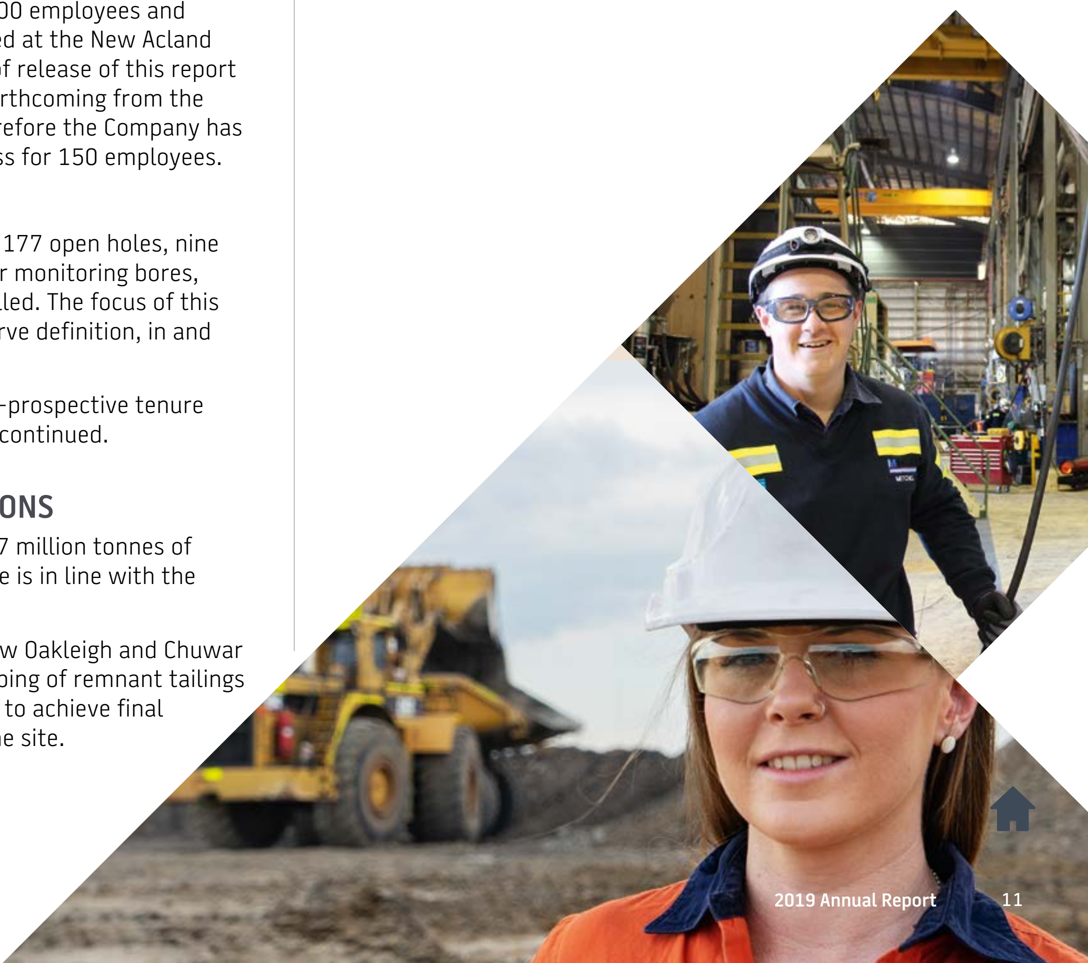
The drilling program consisted of 177 open holes, nine core holes and three groundwater monitoring bores, with a total of 13,138 metres drilled. The focus of this work has been resource and reserve definition, in and around the existing operation.

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 2019. This volume is in line with the previous year.

Rehabilitation activities at the New Oakleigh and Chuwar sites continued including the capping of remnant tailings dams and further works required to achieve final rehabilitation at other areas of the site.



KEY ACHIEVEMENTS

AT WEST MORETON IN 2019

- A focus on 'Finishing Well' at the Jeebropilly operations, which includes recovery of final coal by December 2019, the design and execution of final landform and a site rehabilitation plan, infrastructure demobilisation planning and preparing/supporting employees for mine closure
- A focus on realising optimal asset value post mining activities
- Continuation of the site's health and wellness program which won the 2019 Queensland Mining Industry Best Health and Wellness Program Award
- Continuation of community partnerships

Queensland Bulk Handling

QBH, New Hope's 100% owned coal terminal at the Port of Brisbane, exported 6.7 million tonnes of coal on 85 vessels in 2019, which is 7% lower than 2018. QBH remains essentially a demurrage free port. Key achievements at Queensland Bulk Handling in 2019:

- Achieving seven years Lost Time Injury (LTI) free;
- Maximising customer throughput through flexible work practices and stockpile availability; and
- Partnering with the Bulimba Creek Catchment Coordinating Committee to create an industrial ecological site that assists wildlife to coexist with industry.

Bengalla Joint Venture

New Hope completed its acquisition of an additional 30% interest in the Bengalla Joint Venture from Wesfarmers on 3 December 2018 and its acquisition of 10% from Mitsui on 25 March 2019 (effective date 1 December 2018), bringing New Hope ownership to 80%.

The Bengalla Mine (100% basis) produced 9.3 million tonnes of coal in 2019 which is in line with the prior year. In the last quarter of the year Bengalla operations achieved an annualised production rate of 10 million tonnes per annum, a level that the Company believes can be sustained into the future.

Tragically, on 3 November 2018, a tyre fitter employed by a contractor to Bengalla was fatally injured whilst working at the Bengalla Mine. The NSW Department of Planning's Resource Regulator is still undertaking their investigations and Bengalla continues to cooperate with the authorities. Bengalla continues to offer support to the contractor's family and to all personnel who have been affected by the tragedy.

Lenton Joint Venture Burton Mine

The Burton coking coal mine remained on care and maintenance for the duration of the year pending a final decision on the future of the project.

Work progressed on an amendment application to the existing environmental authority for the revised Lenton Project. Applications for an AWL and Environmental Protection and Biosecurity Conservation approval will follow.

A drilling program was undertaken at Lenton consisting of eight groundwater monitoring bores, with a total of 241 metres drilled. The focus of this work has been to collect information as part of a groundwater study. In addition to this work, an electromagnetic survey was completed to provide inputs into the depth of the alluvium between the Lenton and Burton Mine.

A new geological model and resource estimate has been produced, using the data collected during the 2018 drilling campaign. The resource volume has been included in this years' Resource and Reserve table.

North Surat Project

The North Surat Project pre-feasibility study (consisting of Elimatta, Taroom, Collingwood and Woori) advanced during the year 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 continued during 2019 on Taroom, Woori and Collingwood tenements, with 35 core holes and three groundwater monitoring bores, a total of 4,223 meters drilled.

Colton Exploration Project

On 17 October 2018, the Directors of Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton) placed the entities into voluntary administration.

On 1 February 2019 the Company and relevant subsidiaries commenced proceedings in the Supreme Court of New South Wales (Proceedings) seeking orders confirming that the Company is not bound by a Deed of Cross Guarantee (DOCG) in respect of the debts of certain subsidiaries including NEC and Colton. On 12 July 2019, the Supreme Court of New South Wales concluded that the Company has not guaranteed the debts of NEC and Colton under the DOCG. On 20 August 2019, Wiggins Island Coal Export Terminal Pty Ltd (WICET) filed an appeal with the Court of Appeal in New South Wales in relation to the Supreme Court's decision on the DOCG. If WICET's claim is upheld, the Company will be exposed to a liability of approximately $155,000,000. The Group continues to deny this claim.

In February 2019, in proceedings relating to the administrations of NEC and Colton, WICET applied successfully to the Court for an order that special purpose administrators be appointed to investigate a transaction that NEC entered into prior to the administrations of NEC

KEY ACHIEVEMENTS

AT BENGALLA IN 2019

- Introduction of new truck fleet to utilise latent excavator capacity
- Record monthly production and a new sustained production target of 10mtpa
- Ongoing progress of a new water management and diversion project
- The grant of Development Consent modification 4 in December 2018
- Developing a plan to maximise the operations agricultural land holdings
- Growing its community involvement in particular inrelation to education in the local area

and Colton, being a corporate restructure NEC undertook in February 2016. On 28 June 2019, the special purpose administrators appointed to NEC and Colton provided a report on their investigations into the February 2016 corporate restructure.

On 19 July 2019, the administrators appointed to NEC and Colton issued a Voluntary Administrators Report (the Report) in advance of the second meeting of creditors. The Report identified a number of alleged claims that may be available to any liquidators appointed to NEC and Colton, subject to the liquidators obtaining funding and conducting further investigations. If funding is obtained, further investigations are conducted and the alleged claims are pursued against the Group, the Report identifies potential exposure to the Group of between nil and $48,100,000. The claims which it is alleged may be available to the liquidators relate to two transactions:

- The corporate restructure that NEC undertook in February 2016. The value attributed to the claims it is alleged may be available in respect of this transaction in the Report is between nil and $20,500,000; and
- A loan repayment made by Colton to the Group in 2017. The value attributed to the claims it is alleged may be available in respect of this transaction in the Report is between nil and $27,600,000.

The Group denies these alleged claims and does not consider that it has any obligations in respect of them.

In July 2019, the Company gave a revised DOCA proposal (following an initial proposal made in March 2019) to NEC and Colton that was presented to the second meeting of creditors held on 26 July 2019 which included a revised Contribution of $16,000,000 however introduced a subordination of the secured loan receivable of the Company to below the claims of unsecured creditors. At the second meeting of creditors on 26 July 2019, the creditors did not vote in favour of this DOCA and instead voted to place NEC and Colton into liquidation.

In acknowledging the ongoing matters associated with the liquidation, the Company has considered its position and has determined that the proposed revised Contribution of $16,000,000 is the best estimate of the future probable economic outflows that will be incurred as a result of the NEC and Colton liquidation process and has reflected a provision for this amount in its financial statements.

Coal Development and Exploration

The Company continued an active exploration program throughout 2019 utilising the Company's drill rigs. Exploration activities focused on resource definition and groundwater monitoring bore installation at New Acland Mine, Lenton Joint Venture Project, North Surat project and at the Captain's Mountain exploration lease. During the year 251 holes were drilled, for a total 18,935 meters.

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 tenure being relinquished where there was no indication of economically viable resources or there were no foreseeable opportunities to develop the projects.

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

Pastoral Operations

Acland Pastoral successfully managed its breeder herd through a severe drought period with minimal losses and the breeders producing in excess of a 90% calving rate in very trying conditions. As the drought continued, Acland Pastoral responded by reducing its breeder herd numbers with 1,181 breeder cattle, 1,143 weaner heifers, and 174 calves sold during the year leaving a closing inventory of 1,271 breeders, 1,260 weaners and 54 bulls.

Dryland sorghum crops totalling 458 hectares were planted, however the drought severely impacted yield with 550 round bales harvested, of which 291 bales remain as inventory. On a positive note, rain in March promoted substantial regrowth in the previously harvested sorghum paddocks, allowing in crop grazing. The 100 hectare corn crop suffered similar yield impacts as the sorghum and cattle were introduced to the corn paddocks for in crop grazing.

Fencing programs were completed during the year in order to increase the footprint available for grazing activities on rehabilitated areas of the New Acland ML. During the summer drought period up to 400 head of cattle grazed the area with no environmental impact noted.

The Acland Pastoral irrigation footprint, utilising water from the Wetalla pipeline, was substantially increased from 26 to 112 hectares, which presents attractive opportunities for future cropping in the area.

Following the acquisition of a controlling interest in the Bengalla Mine, New Hope’s land management experience is being applied to the active management of agricultural land surrounding the Bengalla operations.

Bridgeport Energy Limited

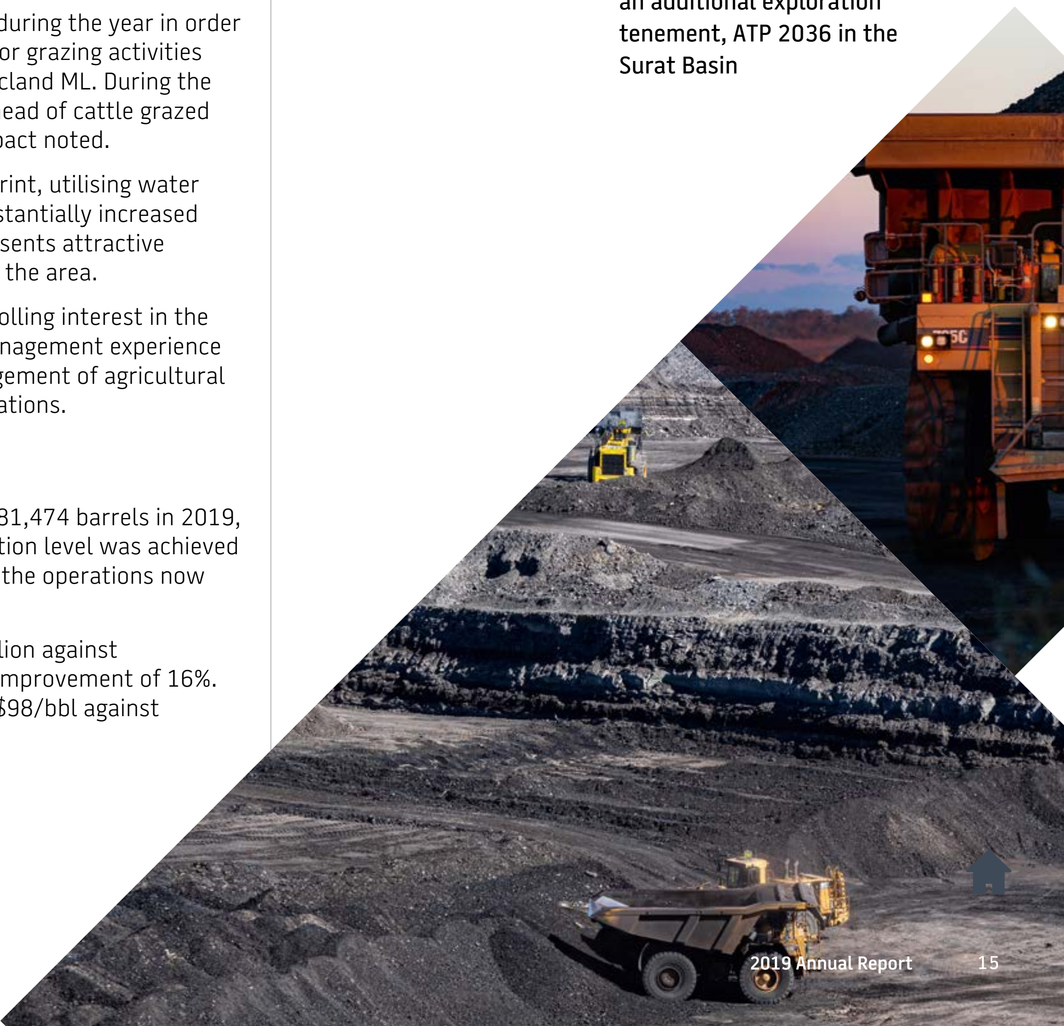
Oil production for Bridgeport was 381,474 barrels in 2019, a 2% increase on 2018. This production level was achieved without any lost time injuries, with the operations now five years LTI free.

Revenue for the year was $33.9 million against $29.1 million for the prior year, an improvement of 16%. Realised oil sales prices averaged A$98/bbl against the previous year of A$88/bbl.

KEY ACHIEVEMENTS

AT BRIDGEPORT IN 2019

- The drilling of five development wells (three successful and on production)
- Production optimisation from well workovers resulting in increased production
- Progressing feasibility studies for the enhanced oil recovery project at the Moonie field in the Surat Basin
- Successfully de-risking our exploration portfolio with farm-out of work programme activities
- Achieving the grant of an additional exploration tenement, ATP 2036 in the Surat Basin



Operations continued

COAL RESOURCES

DEPOSIT	STATUS	COAL RESOURCES AS AT 31 MAY 2019 (MILLION TONNES) (COAL RESOURCES ARE INCLUSIVE OF THE RESERVES REPORTED BELOW)				
		INFERRED	INDICATED	MEASURED	2019 TOTAL	2018 TOTAL
New Acland *1	Mine	23	189	285	497	506
Bengalla *2	Mine	116	141	154	411	422
Burton *3	Mine	8	11	13	32	–
Lenton *4	Exploration	208	104	68	380	380
Yamala *5	Exploration	184	39	14	237	240
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		**832**	**877**	**927**	**2,636**	2,627

Notes on resources:

1 Resources are re-quoted from 2018, less depletion of what was mined between the reporting period.

2 Figures shown are 100% of total resources. New Hope Group Share is 80%. Resources are re-quoted from 2018, less depletion of what was mined between the reporting period. The Resource number includes 74 Mt of inferred Underground resource.

3 New Hope Group share is 90%. Reserves to be estimated in due course.

4 New Hope Group share is 90%.

5 New Hope Group share is 70%. The inferred tonnage has changed due to an administrative error identified in the 2018 annual report.

* Denotes the Resource estimations that have been reviewed against and follow the 2012 JORC Code.

** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last prepared. Exploration drilling on the Taroom and Woori tenements occurred in 2018/2019 and a new resource model will be prepared in due course.

COAL RESERVES

DEPOSIT	STATUS	COAL RESERVES AS AT 31 MAY 2019 (MILLION TONNES)						
		RECOVERABLE RESERVES				MARKETABLE RESERVES 4		
		PROBABLE	PROVED	TOTAL 2019	TOTAL 2018	PROBABLE	PROVED	TOTAL 2019
New Acland 1	Mine	125	245	370	381	68	133	201
Lenton 2	Exploration	12	23	35	35	7	14	21
Elimatta	Exploration	29	96	125	125	17	66	83
Bengalla 3	Mine	87	132	218	229	68	110	178
Total		**253**	**496**	**749**	**770**	**160**	**323**	**483**

Notes on Reserves:

1 240Mt of Recoverable Reserves require additional approvals beyond Acland Stage 3. The Reserves are based on those reported in 2018, 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 80%.

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.

The Coal Resources and Reserves are as at 31 May 2019. The Company is not aware of any events occurring up to the reporting date of 31 July 2019 which will impact the reserves and resources as reported. Please see the New Hope Group website for the Coal Resource and Coal Reserve release including Table 1 details for all Coal Reserves and Resources dated 17 September 2019. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original publication.

Information in this report that relates to Coal Resources and Coal Reserves is based on and accurately reflects reports prepared by the Competent Person as follows:

- Coal Resources New Acland, Burton, Lenton, Yamala, Woori, Taroom, Collingwood and Elimatta – Mr Sean Dixon, who is a full time employee of the company;
- Coal Resources Bengalla – Mr Marko Seppanen, a consultant from Geomine Pty Ltd;
- Coal Reserves – New Acland, Lenton and Elimatta – Mr Brett Domrow, who is a full time employee of the Company;
- Coal Reserves – Bengalla – Mr Chris Dutton, a consultant from Xenith Consulting.

OIL RESERVES AND RESOURCES

	2019		2018	
RESERVES (NET)	1P	2P	1P	2P
Oil (thousand barrels)	**3,218**	**5,731**	3,229	5,581
RESOURCES (NET)	1C	2C	1C	2C
Oil (thousand barrels)	**6,664**	**11,263**	7,567	11,405

Notes:

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

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

BEL aggregates reserves (1P and 2P) and contingent resources (2C) using arithmetic summation.

The economic assumptions used to evaluate each project are commercially sensitive. Reserves have been assessed 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.

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.

Reserves reported include fuel consumed in operations at each field; totalling 392 1P and 665 2P Mbbls.

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

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 CO_2 miscible sweep.

The above oil reserves and resources are the subject of a separate ASX announcement dated 17 September 2019.

NEW HOPE GROUP OUTLOOK

The acquisition of an additional 40% stake in Bengalla during the 2019 financial year combined with an increase in Bengalla's production rate to 10 million tonnes per annum provides a profitable and sustainable asset base for the Company. New Hope will continue to focus on creating synergies and integration efficiencies across all sites by leveraging off the individual strengths of each operation and where possible, applying those across other sites.

Queensland operations are set to record lower production volumes in the year ahead with Acland production constrained to mining remnant coal from Stage 2 operations in the absence of receiving Stage 3 approvals while, the Jeebropilly mine will cease mining operations in December 2019 once all economically viable reserves have been extracted. The Company remains focused on securing all necessary approvals for Acland Stage 3 in a timely manner to target continuity of operations and employment for the workforce and contractors who rely upon the operation to support their families. At the conclusion of mining, activities in West Moreton will turn to final rehabilitation and optimising the value from the land portfolio.

Work will continue on the Company's development assets at Burton, Lenton and the North Surat, with the Burton coking coal project being the most prospective short term development opportunity. Final approvals will be sought for the Lenton project, with exploration and feasibility planning ongoing for the North Surat group of projects.

Coal markets have been and are likely to remain volatile in the near term however demand for high quality thermal coal remains strong across Asia. For most Asian countries thermal coal will continue to be a significant component of their energy mix for many years to come, underpinned by continued investment in new coal fired power stations.

With a suite of quality assets and strong balance sheet, the Company remains well positioned to retain its position as one of Australia's leading coal producers.

Sustainability highlights

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.

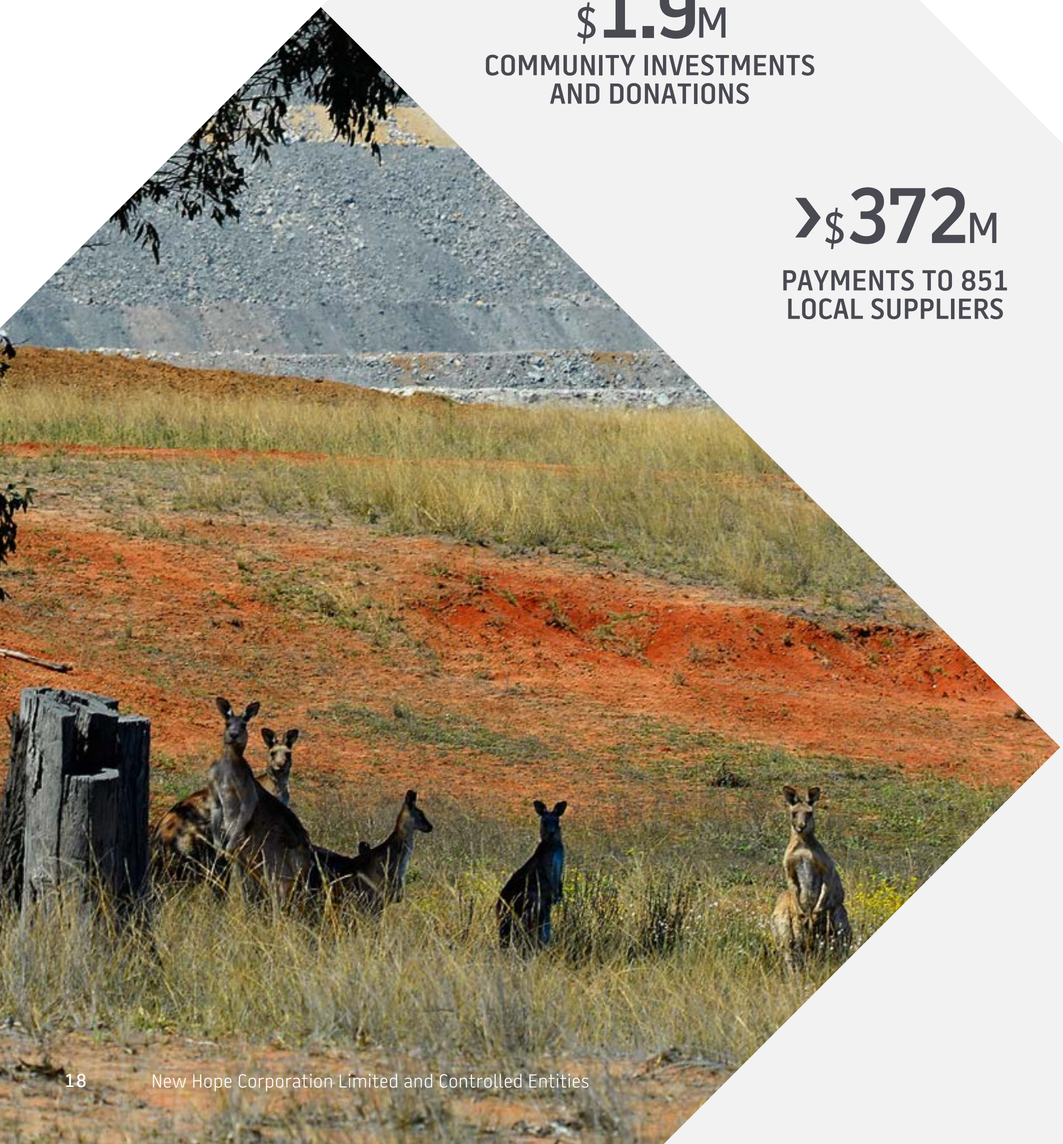
$243M
CONTRIBUTIONS TO GOVERNMENT

FINANCIALS

▲280%
$1.9M
COMMUNITY INVESTMENTS AND DONATIONS

$160M
WAGES AND BENEFITS

>$372M
PAYMENTS TO 851 LOCAL SUPPLIERS



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 PEOPLE

1024

EMPLOYEES ACROSS QUEENSLAND AND NEW SOUTH WALES

114%

INCREASE IN FEMALE REPRESENTATION IN MANAGEMENT ROLES

FEMALES INCREASED BY

88%

MALES INCREASED BY

91%

31

EMPLOYEES WITH 25 YEARS TENURE OR GREATER

OPERATIONS

RECORD

349Ha

OF PROGRESSIVELY REHABILITATED MINED LAND CERTIFIED BY THE QUEENSLAND STATE GOVERNMENT

A full version of the 2019 Sustainability Report can be found at www.newhopegroup.com.au

Tax Contribution Report

The Group is pleased to present its Tax Contribution Report for the financial year ended 31 July 2019. 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, with 1,024 people under management across its operations. Our continued growth is founded on a long-term commitment to our employees, alongside a proactive approach to environment, community and social responsibility.

KEY TAX POINTS

- New Hope Group's Effective Tax Rate for 2019 is 31.6% (2018 – 30.1%);
- Total Corporate Tax payable for 2019 is $86.8 million (2018 – $94.8 million);
- Total Tax and Government contributions in 2019 is $258.1 million (2018 – $185.6 million).

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. 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

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.

TAX STRATEGY

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

- Effectively manage risk by application 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.
- 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.

Tax Contribution Report

NUMERICAL RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

YEAR ENDED	2019 $000	2018 $000
Profit from continuing operations before income tax	**307,770**	267,613
Profit/(loss) from discontinued operations	**220**	(53,801)
Profit before income tax	**307,990**	213,812
Income tax calculated at 30%	**92,397**	64,144
Tax Effect of amounts not deductible in calculating taxable income		
– Non-deductible amounts from discontinued operations	**66**	170
– Other deductible amounts	**4,493**	–
– Sundry items	**256**	114
Under provision provided in prior year	**126**	(81)
Effect of previously unrecognised capital losses	**–**	(33)
Income Tax Expense	**97,338**	64,314
– Effective Tax Rate	**31.6%**	30.1%

RECONCILIATION OF INCOME TAX EXPENSE FROM DISCONTINUED OPERATION

Income Tax Expense	**97,338**	64,314
Restatement for discontinued operations	**–**	15,970
Income Tax Expense from continuing operations	**97,338**	80,284

RECONCILIATION OF INCOME TAX EXPENSE TO TAX PAYABLE

YEAR ENDED		
Profit before income tax	**307,990**	213,812
Income tax calculated at 30%	**92,397**	64,144
Tax effected adjustments to taxable income:		
– Previously unrecognised capital losses	**–**	(33)
– Other non-temporary items	**256**	284
– Discontinued operations	**66**	170
Temporary differences:		
– Non-deductible impairment expense	**–**	39,688
– Fixed assets	**(235)**	(8,464)
– Other deductible amounts	**(4,522)**	4,071
– Tax losses utilised	**(1,182)**	(5,097)
Current tax liability	**86,780**	94,763
– Tax instalments paid	**(80,963)**	(13,672)
Tax payable	**5,817**	81,091

TAX LOSSES RECONCILIATION

Opening Tax Losses	**1,182**	7,165
– Group losses – under/over	**(40)**	(886)
– Transferred losses utilised	**(1,142)**	(5,097)
Closing Tax Losses	**–**	1,182

Tax Contribution Report

TAX CONTRIBUTIONS SUMMARY

TAX CONTRIBUTIONS SUMMARY	2019 $000	2018 $000
Corporate Tax	**86,780**	94,763
Mining Royalties [1]	**62,065**	42,043
Oil Royalties	**2,031**	1,473
Employee Taxes Withheld	**40,297**	29,390
Fringe Benefits Tax	**1,654**	959
Payroll Tax	**7,476**	5,815
Transfer Duty – Business Combination	**42,327**	–
Other Taxes, Rates and Levies	**11,062**	11,145
Total Tax Contributions	**253,692**	185,587

1 Mining Royalties includes $56 million paid to the State Government with a further $6 million paid to third party landholders in line with State legislation requirements.

Financial Summary

	2019 $000	RESTATED[1] 2018 $000	2017 $000	2016 $000
Total revenue	**1,306,429**	1,078,439	844,077	531,459
Earnings before interest, tax, depreciation and amortisation (before non regular items)[2]	**517,061**	465,484	283,118	81,270
Profit before tax (before non regular items)[2]	**384,287**	373,207	184,335	6,116
Profit after tax (before non regular items)	**268,487**	261,245	128,713	5,029
Profit/(loss) from continuing operations before tax	**307,770**	267,613	202,213	(74,112)
Tax benefit/(expense) from continuing operations	**(97,338)**	(80,284)	(61,594)	20,432
Profit/(loss) from continuing operations after tax	**210,432**	187,329	140,619	(53,680)
Profit/(loss) before tax	**307,990**	213,812	202,213	(74,112)
Tax benefit/(expense)	**(97,338)**	(64,314)	(61,594)	20,432
Profit/(loss) after tax	**210,652**	149,498	140,619	(53,680)
Loss attributable to minority interests	**–**	–	(1)	(1)
Net profit/(loss) attributable to NHCL members	**210,652**	149,498	140,620	(53,679)
Total assets employed	**2,801,413**	2,338,367	2,181,645	2,018,549
Shareholders' funds	**1,961,012**	1,888,400	1,853,428	1,750,412
Dividends paid during the financial year	**133,002**	99,738	49,864	66,484

	2019	2018	2017	2016
Weighted average shares on issue	**831,261,875**	831,141,985	831,067,979	831,050,306
Net profit/(loss) attributable to NHCL members (as a % of shareholders' funds)	**10.7%**	7.9%	7.6%	(3.1%)
Earnings per share before non regulars (cents)[2]	**32.3**	31.5	15.4	0.6
Earnings/(loss) per share (cents)	**25.3**	18.0	16.9	(6.5)
Normal dividends per share (cents)	**17.0**	14.0	10.0	4.0
Net tangible asset backing per share (cents)	**224.3**	220.2	215.9	203.5

1 Comparative figures have been restated to present the impacts of the current year discontinued operations.

2 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 2019

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

	2019 $000	RESTATED[1] 2018 $000	% CHANGE
Revenue from operations	**1,306,429**	1,078,439	21%
Earnings before interest, tax, depreciation and amortisation (before non regular items)	**517,061**	465,484	11%
Profit before income tax (before non regular items)[3]	**384,287**	373,207	3%
Insurance proceeds from shiploader	**2,370**	–	
Gain/(loss) on discontinued operation	**220**	(53,801)	
Onerous contract and related expenses	**(21,675)**	(14,976)	
Acquisition costs expensed	**(47,729)**	–	
Establishment costs on guarantee facility	**(4,367)**	–	
West Moreton redundancies	**(5,116)**	–	
Impairment of coal exploration and evaluation assets	**–**	(91,475)	
Reversal of impairment of coal to liquids facility assets	**–**	857	
Profit before income tax (after non regular items)[2]	**307,990**	213,812	44%
Profit after income tax (before non regular items)[3]	**268,487**	261,245	3%
Insurance proceeds from shiploader	**1,659**	–	
Gain/(loss) on discontinued operation	**220**	(37,831)	
Onerous contract and related expenses	**(19,666)**	(10,483)	
Acquisition costs expensed	**(33,410)**	–	
Establishment costs on guarantee facility	**(3,057)**	–	
West Moreton redundancies	**(3,581)**	–	
Impairment of coal exploration and evaluation assets	**–**	(64,033)	
Reversal of impairment of coal to liquids facility assets	**–**	600	
Profit after income tax (after non regular items)	**210,652**	149,498	41%
Profit attributable to New Hope Shareholders	**210,652**	149,498	
Basic earnings per share (cents) (before non regular items)[3]	**32.3**	31.5	3%
Insurance proceeds from shiploader	**0.2**	–	
Gain/(loss) on discontinued operation	**–**	(4.6)	
Onerous contract and related expenses	**(2.4)**	(1.3)	
Acquisition costs expensed	**(4.0)**	–	
Establishment costs on guarantee facility	**(0.4)**	–	
West Moreton redundancies	**(0.4)**	–	
Impairment of coal exploration and evaluation assets	**–**	(7.7)	
Reversal of impairment of coal to liquids facility assets	**–**	0.1	
Basic earnings per share (cents) (after non regular items)	**25.3**	18.0	41%

1 Comparative figures have been restated to present the impacts of the current year discontinued operations.

2 Profit before income tax and after non regulars items reconciles to the Statement of Comprehensive Income with an adjustment for the profit/(loss) from discontinued operations before tax as per note 24 of the financial statements.

3 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 2019

PRINCIPAL ACTIVITIES

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

- Coal exploration and project development in Queensland;
- Coal extraction, processing, marketing and logistics in Queensland and New South Wales;
- 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 2018 of 8.0 cents per share paid on 6 November 2018	66,501
An interim dividend for the year ended 31 July 2019 of 8.0 cents per share paid on 7 May 2019	66,501

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 9.0 cents per share. This dividend is fully franked, to be paid on 5 November 2019 out of retained profits at 31 July 2019 with the record date for such dividend to be 22 October 2019. This will provide shareholders of New Hope with total dividends for the year of 17.0 cents per share (8.0 cents per share interim) compared with total dividends for the 2018 year of 14.0 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 8 to 17 of this Annual Report. These pages also deal with the Group's operations, financial position and prospects for future financial years.

RISK MANAGEMENT

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

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

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:

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Safety	The nature of the Company's operations comes with an inherent risk of accidents which have the potential to cause harm to individuals.	New Hope seeks to continuously reduce the frequency of harmful incidents. Key performance indicators are designed to measure safety performance and targets are set to prevent harm and promote wellbeing. Performance in relation to those measures and targets is monitored at all levels of the organisation up to and including the Board of Directors.	These risks are proactively managed using comprehensive safety management systems as well as a continual focus on a strong safety culture.

RISK MANAGEMENT (CONTINUED)

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
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.	New Hope has developed valuable and longstanding relationships with all key stakeholder groups and is well respected in the areas that we operate. Many of these stakeholder groups independently advocate on behalf of the Company which is a critical component in developing relationships in new areas of operation or with emerging stakeholder groups.	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.
New Acland Stage 3 (NAC03) Approval	There is a risk that approvals for the NAC03 expansion are not obtained. These approvals are critical to ensure operations continue beyond Stage 2 as reserves on the existing lease are depleted. Risks associated with prolonged approval delays or an inability secure project approvals include but are not limited to the potential impairment of asset values, take or pay commitments exceeding project requirements or the potential loss of key long term customers.	Obtaining the necessary approvals for the NAC03 project will secure employment for the existing workforce, provide continuing economic stimulus to the local community and deliver value to shareholders.	The Company has engaged 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. Detailed impairment assessments for the assets have been undertaken as detailed in note 10 to the financial statements. Strategies have been adopted to extend the life of Stage 2 to ensure supplier and customer commitments are appropriately managed while approvals continue to be pursued.
Project Development	The Company's ongoing economic sustainability is dependent on successful identification and development of projects. Failure to do so effectively will limit the businesses' longevity.	New Hope actively seeks to identify potential opportunities that offer the prospect of building shareholder value. New Hope also acknowledges that sustainable long term value creation can only be achieved by respecting and delivering positive outcomes for the broader stakeholder community.	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.

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
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 with the Company providing oversight and governance via participation in the Bengalla Joint Venture management committee and by monitoring operational performance. From 1 December 2018, the Company has assumed a more active role in the direct management of day to day activities for the Bengalla Mine.	Knowledge gained from risk identification and management at one or more mines, including successful and unsuccessful approaches to mitigating and managing those risks can be shared across management teams, thereby improving the group's overall risk management strategy.	The Company engages with the Bengalla management team on an ongoing basis with the aim to identify, monitor, mitigate and actively manage risks, not only unique to Bengalla, but also risks common to New Acland and Jeebropilly.
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.	Monitoring and early identification of potential failures will improve productivity and performance outcomes for the Company. There is ongoing effort to identify opportunities and adopt processes that will reduce infrastructure failure, or reduce the cost to the Company in the event that a failure does occur.	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, foreign currency risk and interest rate risk.	Opportunities exist to refine the existing policies for commodity price hedging and foreign exchange hedging such as investigating the use of different hedging instruments or the level of cover that is taken. The Company also has the ability to consider active management of any interest rate and commodity price exposures.	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 to hedge risk exposures associated with fluctuations in foreign exchange rates and has commenced an initial trial program to assess the appropriateness of coal price commodity hedging.

CLIMATE CHANGE

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Policy risk Domestic and international policy actions around climate change continue to evolve.	Changes in government regulations in Australia which restrict the use of coal, or the use of land for coal mining, could impact the ability of the Group to develop new coal projects, or to extend the life of existing projects. The introduction of new and/or more stringent carbon pricing mechanisms, both within Australia as well as key coal importing countries, may reduce the cost competitiveness of coal as an energy source. Changes in government policy relating to either coal consumption or energy generation in large Asian economies such as China, Japan and India could impact the longer term outlook for global coal demand.	As the global economy transitions towards lower emission energy sources, it is likely there will be an ongoing demand for high quality thermal coal to supply HELE coal fired power stations in order to generate affordable base load power. The Group's high quality thermal coal reserves are ideally placed to meet that demand. New Hope's Bengalla Mine has existing approvals that extend to 2039, enabling New Hope to avoid potentially lengthy and costly mine extension approvals.	Ongoing demand for the Group's high quality thermal coal is anticipated to underpin the Group's revenues in the short to medium term. Changes in the longer term global coal demand outlook could have an impact on the Group's future coal revenues and the recoverability of undeveloped coal reserve assets. The financial impact of any future policy changes will depend on the nature and timing of those changes. Note 10 Property, Plant and Equipment, Note 12 Exploration and Evaluation and Note 13 Provisions have identified specific financial risks associated with policy risk.

CLIMATE CHANGE (CONTINUED)

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Policy risk (continued)	Global political disputes or policy positions may restrict the ability to export or import coal from certain ports or through certain shipping channels. Changes in government policy which increase the cost of land rehabilitation requirements and bring forward the timing of various rehabilitation obligations.	New Hope has long standing experience with undertaking progressive rehabilitation at its sites in Queensland. There is an opportunity to leverage this expertise across the Group's other operations to effectively manage any changes to rehabilitation obligations.	The Group will continue to proactively monitor the policy environment both domestically and internationally and take appropriate steps to manage, maximise opportunities and mitigate risks associated with policy changes.
Legal risk Increased litigation from shareholders, insurers and activist organisations against governments and companies, either seeking compensation for damages caused to them because of climate change impacts or to force greater action on climate change.	The group could incur increased costs associated with defending legal claims related to coal mining operations or when seeking project approvals. Land rehabilitation requirements, both from a timing and cost perspective, may increase. Refer to Policy Risk discussion.	The Group has a strong, long standing reputation for operating in a responsible and respectful way. This includes the support of the communities in which we operate, and an excellent track record of regulatory compliance. This strong reputation will enable the Group to distinguish itself as an "operator of choice" for both current and future projects.	The recoverability of undeveloped coal reserve assets will be underpinned by the ability of the Group to secure and maintain necessary project approvals. Note 10 of the Financial Statements specifically considers the assessment of impairment for the QLD mining CGU which has been triggered by indicators of impairment arising from the delays in securing necessary approvals for the mine extension.
Technology risk Technological improvements or innovations that support the transition to a lower-carbon economy will affect the competitiveness of certain organisations, their production and distribution costs, and ultimately the demand for their products and services from end users.	Demand for coal could be impacted if future improvements in the efficiency, affordability, and reliability of alternative energy sources and battery storage solutions occur at a faster pace than similar improvements in the thermal coal industry.	The continued development of HELE coal fired power stations (and other clean coal technology) underpin the demand for the Group's high quality thermal coal assets. Additional details of these technologies and opportunities are considered in the Group's separate online Sustainability Report. There is an opportunity for the Group to leverage its existing innovative capabilities to derive further cost efficiencies from emerging developments in energy-efficient mining equipment.	The timing of technology development and deployment is a key uncertainty in assessing the financial implications of technology risk. The financial implications of technology risk, as they relate to coal demand, are similar to those noted above for policy risk. The Group will continue to monitor developments that have application to the mining and broader energy industries and invest in new technologies where they deliver an acceptable return on investment.
Market risk Markets could be affected by the transition to a lower carbon global economy through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.	Demand for thermal coal could be impacted if alternative energy sources become more competitive and reliable, relative to thermal coal as an energy source. The number and mix of market participants could lead to increased volatility in the supply and pricing of thermal coal.	There is an opportunity for the Group to leverage the anticipated sustained demand for high quality thermal coal as part of a diversified energy portfolio. The role of the Group's high quality thermal coal and its position in the market have been outlined further in a separate online Sustainability Report. Pressure from external stakeholders could see some producers exit the thermal coal industry with a resultant reduction in supply and increase in pricing for remaining industry participants.	The Group will continue to work closely with its key customers to ensure it is well positioned to meet the demand for high quality thermal coal. The Group will proactively monitor the market environment and take appropriate steps to manage the impact of any shifts in supply and demand for thermal coal.

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Reputation risk Customers, suppliers and other stakeholders have begun including climate related considerations into their decision making process around which businesses they will engage with.	Pricing for financing and key services such as insurance may increase if the pool of parties prepared to partner with the thermal coal industry reduces significantly. Increased regulatory compliance costs. The ability to attract and retain a suitably skilled workforce could be impacted by employee perceptions about what it means to work in the coal mining industry.	New Hope has a long and enviable reputation for being a respectful and trustworthy operator. The Company has formed strong relationships with the communities in which we operate, our employees, suppliers, customers, and regulatory bodies with many of these relationships spanning multiple decades. The continuity of these relationships are underpinned by a strong corporate culture which acknowledges that long term success can only be achieved by respecting the views of our key stakeholders. New Hope has the ability to leverage and grow this support base so as to differentiate the Company from its peers and be seen as an "Operator of Choice".	The Group may see an increase in specific costs such as interest expense and insurance premiums as well as increasing workforce related costs. The Group will work to manage the impact of these potential cost increases through the ongoing implementation of operational efficiency initiatives including through the deployment of emerging technological solutions and the consideration of non-traditional markets for access to financing and key services such as insurance.
Physical risks Climate change modelling suggests that climate change has the potential to increase the frequency and intensity of extreme weather events as well as longer term shifts in climate patterns.	An increase in the intensity and frequency of extreme weather events may have the potential to damage infrastructure and interrupt mining and port operations. An increase in temperatures could impact the health and safety workplace requirements for employees as per the relevant Occupational Health and Safety regulations. Sustained increase in temperatures as well as intensity and duration of droughts, may have a longer term impact on operational reliability or longevity of mining equipment.	The Group's key operations are located in geographic areas which are not areas of high risk in relation to extreme weather events such as cyclones or flooding. This may give the Group competitive advantage relative to other market participants. New Hope's existing New Acland Mine utilises recycled waste water from the Wetalla Waste Water treatment facility. This provides the Company with a competitive advantage for this site, which could be potentially duplicated and leveraged at other locations.	While direct risks associated with lost production time or increased costs due to weather are considered to be a low possibility and low consequence they continue to be pro-actively managed through the Company's standard risk management process. The most significant of these risks would be a loss of key infrastructure for a prolonged period, which is actively managed with a dedicated risk action plan.

Directors' Report
for the year ended 31 July 2019

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 Company 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

On 10 September 2019, the Company received the judgement from the Queensland Court of Appeal in relation to the New Acland Stage 3 project which ruled against OCAA and in favour of New Acland on groundwater and apprehension of bias. The Company is pleased with the outcome however will await final orders to be handed down in due course before assessing next steps for the project. The Group remains committed to delivering the New Acland Stage 3 project in a timely manner to ensure continuity of operations and ongoing employment in the region.

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 the New Hope Corporation website at:
www.newhopegroup.com.au/content/investors/corporate-governance.

WORK PLACE COMPLIANCE

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

SUSTAINABILITY

The Board maintains direct oversight of climate-related risks and opportunities through its corporate risk management processes and is assisted in this by the Audit and Risk Committee. Responsibility is delegated to Management for the identification and ongoing management of the opportunities and risks of climate change.

The Group recognises that there is a shift in the market in respect of primary energy sources from coal to lower-carbon alternatives and that there are opportunities and risks associated with this change. The Group acknowledges the increasing interest from various stakeholders and the need for increased transparency of climate related opportunities and risks to the business in the medium to long term.

The Group have developed a framework for guiding its strategy and disclosure regarding the sustainability of its operations including managing potential risks posed by changes to the external environment from a physical, policy, legal, market demand, reputational and technological perspective and has considered the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations as part of establishing its strategy and framework.

The Group provides further information in a separate online Sustainability Report.

ENVIRONMENTAL COMPLIANCE

During the 2019 financial year, the Group was not prosecuted for any breach of environmental laws. The Group did receive a Penalty Infringement Notice during 2019 for an environmental compliance matter regarding noise at its New Acland operations. No environmental harm was caused by the environmental compliance matter, however the Group has taken corrective actions to minimise the likelihood of reoccurrence.

ENVIRONMENTAL PERFORMANCE

The Company's businesses include coal mining operations and exploration activities in Queensland and New South Wales (NSW), the QBH coal export port facility and oil and gas operations and exploration activities 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*. Principal environmental legislation in NSW includes the *Environmental Planning and Assessment Act 1979*, *Protection of the Environment Operations Act 1997* and the *Water Management Act 2000*.

The main Commonwealth environmental legislation is the *Environment Protection and Biodiversity Conservation Act 1999*, which operates across Australian states and territories in the interests of the protection of matters of national environmental significance.

The Group's operations continue to undertake proactive initiatives to improve their environmental performance. For example, during 2019 the Group received official certification for 349 hectares of progressive rehabilitation at its New Acland operations.

ENVIRONMENTAL SYSTEMS

During the 2019 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 with the Bengalla Mine reporting through the operator currently Bengalla Mining Company Pty Ltd.

Directors' Report
for the year ended 31 July 2019

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

4,157,774 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 Human Resources and Remuneration Committee and Audit and Risk 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

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 2017 after almost 10 years.

OTHER CURRENT LISTED DIRECTORSHIPS

Nil

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

Nil

SPECIAL RESPONSIBILITIES

Chair of the Human Resources and Remuneration Committee, Chair of the Bridgeport Energy Limited Board, Member of the Nomination Committee and Member of the Audit and Risk Committee

INTERESTS IN SHARES AND OPTIONS

30,000 ordinary shares in New Hope Corporation Limited

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

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

EXPERIENCE

Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015. He is Director and Co-Portfolio Manager of Contact Asset Management Pty 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 17 years of experience within the financial services industry, including: 15 years' experience in active portfolio management of Australian equities, 8 years' experience as a CEO of an Australian publically listed company, BKI and 8 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

3,974,368 ordinary shares in New Hope Corporation Limited

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

INFORMATION ON DIRECTORS (CONTINUED)

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
Qube Holdings Ltd	Appointed 2017

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

RCR Tomlinson Ltd (Liquidators appointed, delisted from ASX on 5 July 2019)

SPECIAL RESPONSIBILITIES

Chair of the Audit and Risk 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 Human Resources and 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

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

436,365 ordinary shares in New Hope Corporation Limited

420,641 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 for the resources 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 and Executive General Manager Legal on 1 January 2019. 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.

LETTER FROM THE CHAIR OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Board, the Human Resources and Remuneration Committee is pleased to present the Remuneration Report for the financial year ended 31 July 2019, outlining the nature and amount of remuneration for New Hope Corporation Limited (New Hope or the Company) Non-Executive Directors, Executive Director and other Key Management Personnel (collectively the KMP).

During the 2019 financial year we have reviewed the Company's remuneration policies, practices and disclosure in the interests of all stakeholders. In developing this year's Remuneration Report the Board intended to provide more information to shareholders than the statutory requirements of a typical Remuneration Report. This provides shareholders with insights into the remuneration governance, policies, procedures and practices being applied, so that informed judgements can be made in relation to the consideration of the Remuneration Report at the upcoming Annual General Meeting (AGM). The Company's approach to remuneration governance and process will continue to evolve in line with prevailing market conditions and stakeholder expectations.

The Company appreciates the value that gender diversity in the workforce can deliver, and we have successfully continued to improve our diversity year on year. Our focus remains on ensuring that all individuals are given the same opportunities.

The Board will continue to consider what further improvements to remuneration governance, policies, procedures and practices could be made and provide updates in future Remuneration Reports. Given the results for the 2019 financial year, the Board is satisfied there is an appropriate link between performance and reward.

The Board welcomes feedback in relation to this report and is committed to engaging with all stakeholders on these matters.

Mr W.H. Grant
Chair of the Human Resources and Remuneration Committee

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REMUNERATION REPORT

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

PERSONS ADDRESSED AND SCOPE OF THE REMUNERATION REPORT

The Remuneration Report sets out the remuneration information of the Company's KMP in accordance with section 300A of the *Corporations Act 2001* and associated regulations.

The names and positions held by the Company's KMPs in office at any time during the financial year are outlined below:

NAME	POSITIONS HELD	COMMENCEMENT DATE
Directors		
Mr R.D. Millner	Non-Executive Director	1-Dec-95
	Chair	27-Nov-98
Mr T.J. Barlow	Non-Executive Director	22-Apr-15
	Chair of the Nomination Committee	
Mr W.H. Grant	Independent Non-Executive Director	25-May-06
	Chair of the Human Resources and Remuneration Committee	15-Nov-07
Mr T.C. Millner	Non-Executive Director	16-Dec-15
Ms S.J. Palmer	Independent Non-Executive Director	1-Nov-12
	Chair of the Audit and Risk Committee	
Mr I.M. Williams	Independent Non-Executive Director	1-Nov-12
Executive KMP		
Mr S.O. Stephan	Managing Director (MD)	20-Nov-14
Mr B.C. Armitage	Chief Development Officer (CDO)	1-Feb-19
Mr A.L. Boyd	Chief Operating Officer (COO)	19-Dec-15
Mr M.J. Busch	Chief Financial Officer (CFO)	1-Feb-14

REMUNERATION GOVERNANCE

The following outlines the aspects of the Remuneration Governance framework relevant to KMP remuneration.

TRANSPARENCY AND ENGAGEMENT

We seek input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders;
- Human Resources and Remuneration Committee Members;
- External remuneration consultants;
- Other experts and professionals; and
- Management.

HUMAN RESOURCES AND REMUNERATION COMMITTEE CHARTER

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

The Human Resources and Remuneration Committee (HRRC) comprises Messrs Grant (Chair), Barlow and Williams. The HRRC is responsible for reviewing and setting the remuneration packages for Directors and Executives on an annual basis. The HRRC 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. No remuneration advice was received in the 2019 financial year from a Remuneration Consultant.

REMUNERATION REPORT (CONTINUED)

REMUNERATION STRUCTURE – NON-EXECUTIVE DIRECTORS

Remuneration of Non-Executive Directors is determined by the Board with reference to market rates for comparable companies and reflective of the responsibilities and commitment required of the Director. Shareholders have the opportunity to provide feedback to the Company in respect of remuneration of Non-Executive Directors each year via their consideration of the Remuneration Report at the Company's Annual General Meeting.

Non-Executive Directors are paid within an aggregate fee limit which is approved by shareholders. The current limit is $1,750,000 and was approved by shareholders on 15 November 2012. In the 2019 financial year, the aggregate amount expended for Non-Executive Directors remuneration was at 66% of this limit.

Non-Executive Directors are paid a fixed annual fee (inclusive of superannuation where relevant). The fees payable to Non-Executive Directors for 2020 will be as follows:

- $328,364 (inclusive of superannuation) for the Chair;
- $158,415 (inclusive of superannuation) for Non-Executive Directors;
- $18,615 (inclusive of superannuation) for the Chair of the Human Resources and Remuneration Committee; and
- $54,750 (inclusive of superannuation) for the Chair of the Audit and Risk Committee.

Non-Executive Directors may trade and hold equity investments in the Company in accordance with the Company's Share Trading Policy. Non- Executive Directors are eligible to participate in the Company's equity plans, however at present no remuneration is paid or payable to Non- Executive Directors under such plans.

REMUNERATION STRUCTURE – EXECUTIVE KMP

Remuneration of the Company's Executive KMP is underpinned by the Company's Vision and Core Values.

Vision: We will deliver sustainable growth and enduring shareholder value through our people and quality assets

THE COMPANY'S CORE VALUES

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

THE COMPANY'S REMUNERATION OBJECTIVES

Attract quality Directors and Executives	Deliver the Group's short term objectives	Deliver sustainable and long term shareholder value

REMUNERATION STRUCTURE – EXECUTIVE KMP (CONTINUED)

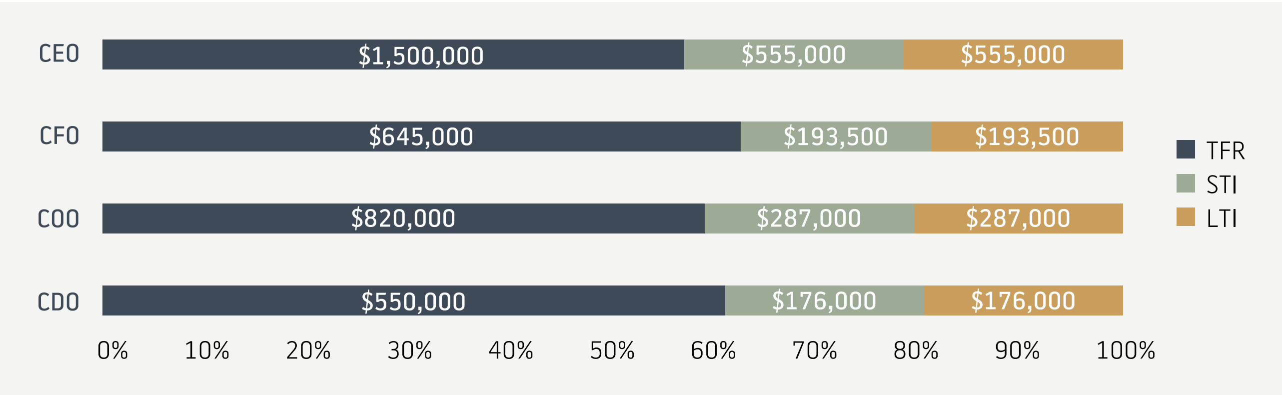
The following table summarises the Company's policy regarding Executive KMP remuneration and how it is intended to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company and in line with good governance:

	EXECUTIVE KMP REMUNERATION COMPONENTS		
	TOTAL FIXED REMUNERATION (TFR)	SHORT TERM INCENTIVE (STI)	LONG TERM INCENTIVE (LTI)
Purpose	To attract and retain executives with the appropriate skills and capabilities in order to deliver our vision in accordance with our Core Values.	Create a strong link between performance and reward over the short to medium term. Focus the attention of the Executive KMP on delivering against short term goals that underpin the success of the Company.	Create a strong link between performance and reward over the long-term. Align the long-term interests of shareholders with the Executive KMP who have a key role in influencing the creation of long term value.
Performance measures	The Executive KMP receive a fixed amount which is set annually by the HRRC.	Individual Executive KMP performance indicators are based upon the short term requirements of the role and needs of the Company. Company performance indicators underpin the short term success of the Company.	Long term Company performance is measured by the relative shareholder return achieved by the Company over a three year period against the ASX 200. Individual Executive KMP performance indicators are based upon the long-term requirements of the role and needs of the Company.
Delivery	Base salary, superannuation and other non-cash benefits (e.g. company vehicle).	Cash bonus payable upon the Executive KMP achieving required performance hurdles for the relevant financial year. The maximum STI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).	Performance Rights which convert to ordinary shares upon the satisfaction of the Executive KMP meeting required performance hurdles and satisfying the requisite service conditions. The maximum LTI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Market Positioning	Internal relativities and external market factors are considered when calculating the TFR, STI and LTI for each role. Remuneration is managed within a range so as to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role. The Company typically targets remuneration levels at the median of the relevant market so as to create a strong incentive to achieve objectives. All components of remuneration are structured with reference to market practices and the circumstances of the Company at the time.		

REMUNERATION REPORT (CONTINUED)

REMUNERATION STRUCTURE – EXECUTIVE KMP (CONTINUED)

The below table demonstrates the target remuneration mix for our Executive KMPs.



FIXED REMUNERATION

TFR for Executive KMPs is fixed annually by the HRRC. It comprises a cash salary, superannuation, and other non-cash benefits (e.g. a Company provided vehicle or vehicle allowance).

SHORT TERM INCENTIVES

The Company's STI policy may be summarised as follows:

- Executive KMPs are offered STI entitlements as part of their remuneration package in order to:
  - Motivate Executive KMPs to achieve the short-term objectives linked to Company success;
  - Create a strong link between performance and reward;
  - Ensure correct behaviour, in line with our Core Values;
  - Share Company success with the Executive KMPs that contribute to it; and
  - Create a component of the employment cost that is responsive to short to medium term changes in the circumstances of the Company.
- Non-Executive Directors do not currently receive STI entitlements;
- STI entitlements are measured against the performance of the Company and the Executive KMPs across a given financial year; and
- STI payments are outcome focused and based upon both the performance of the individual and broader executive team in delivering successful outcomes for the Company.

LONG TERM INCENTIVES

The Company's LTI policy may be summarised as follows:

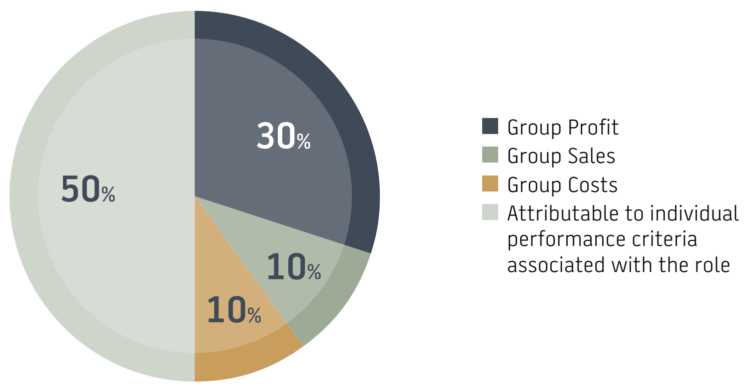
- Executive KMPs are offered LTI entitlements as part of their remuneration package in order to:
  - Motivate Executive KMPs to achieve objectives linked to shareholder value creation over the long-term;
  - Create a strong link between performance and reward over the long-term;
  - Align the interests of shareholders and the Executive KMPs that have a key role in influencing the creation of long term value;
  - Retain the services of Executive KMPs over time; and
  - Create a good behaviour link that will extend beyond cessation of employment and create a disincentive to take actions that are not deemed to be in the long-term interests of shareholders.
- Non-Executive Directors do not currently receive LTI entitlements;
- LTI entitlements are measured against the performance of the Company and the Executive KMPs across a window of three consecutive financial years; and
- LTI entitlements also require an Executive KMP to remain an employee of the Company for twelve months beyond the three year performance window in order to be eligible to receive any LTI benefit.

SECURITIES TRADING POLICY

The Trading in Company Securities Policy applies to all Directors, Employees and Contractors (collectively Personnel) and parties associated with them. The Policy sets out the guidelines for dealing in any type of Company Securities and summarises the law relating to insider trading which applies to everyone. Under the current policy:

- Trading is prohibited during a "closed period" which is:
  - Each of the four weeks prior to the announcement of the Company's half year and full year results;
  - At any time without the relevant approval or notification required by the Policy;
  - At any time while being in the possession of price sensitive information that is not generally available; and
  - For short term or speculative gain.
- KMPs and other Company leaders must seek approval at least two days prior to trading securities;
- Directors must immediately notify the Company of the details of any trading;
- Other Personnel must notify the Company at least two days prior to trading securities; and
- Personnel are prohibited from entering into margin loans or products which operate to limit the financial risk associated with holding the securities (e.g. hedging arrangements).

VARIABLE EXECUTIVE REMUNERATION – SHORT-TERM INCENTIVES

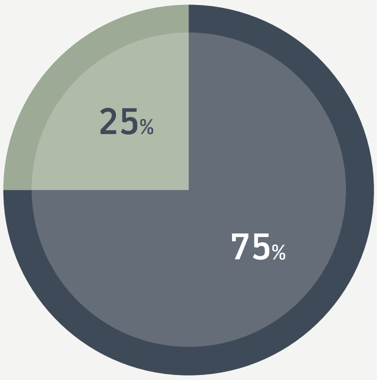
ASPECT	PLAN, OFFERS AND COMMENTS
Form of Award	Cash bonus entitlement.
Performance Period	The Company's financial year (12 months).
Maximum Entitlements	The maximum STI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Award Determination and Payment	Calculations are performed following the end of the Performance Period. Awards will generally be paid in cash in the month of October following the end of the Performance Period.
Gate	Individuals must meet or exceed expectations to be eligible for any STI award.
Cessation of Employment During a Period	Generally all STI entitlements will be forfeited in the event that cessation of employment occurs prior to the completion of the Performance Period. The Board retains discretion to consider extenuating circumstances and may choose to award some or all of the STI entitlement to an Executive.
Key Performance Indicators (KPIs) criteria and weighting	The chart below indicates the weightings of KPIs applicable to the STI entitlements for the 2019 and 2020 financial years. **Short-term KPIs** 

REMUNERATION REPORT (CONTINUED)

VARIABLE EXECUTIVE REMUNERATION – LONG-TERM INCENTIVES

ASPECT	PLAN RULES, INVITATIONS AND COMMENTS
Form of Award	Deferred equity entitlement.
Form of Equity	Performance Rights which will convert to Ordinary Shares upon the satisfaction of both performance and service related vesting conditions.
Maximum Entitlement	The maximum LTI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Performance Period	Performance is measured over three consecutive financial years. For the entitlements relating to the 2019 financial year, the Performance Period is from 1 August 2018 to 31 July 2021.
Service Period	The Executive KMP must remain an employee of the Company for 12 months beyond the Performance Period in order to be eligible to receive any LTI benefit. For the entitlements relating to the 2019 financial year, the Service Period is from 1 August 2018 to 31 July 2022.
Cessation of Employment During the Performance or Service Period	Generally all LTI entitlements will be forfeited in the event that cessation of employment occurs prior to the completion of the Performance or Service Period. The Board retains discretion to consider extenuating circumstances and may choose to award some or all of the LTI entitlement to an Executive.
Retesting	Retesting is a provision in incentive plans that allows performance against pre-defined targets to be assessed again at some time (or times) after the initial assessment. There is no retesting applicable to LTI entitlements.
Award Determination and Issue of Shares	All vesting conditions must be satisfied in order for the Performance Rights to be converted to Ordinary Shares. The Board ultimately decides what percentage of LTI will be awarded based on the performance criteria. Performance Rights that are not converted to Ordinary Shares will lapse. The LTI entitlements for the 2019 financial year include two separate performance criteria described below: • Long term Company performance measured by the total shareholder return achieved by the Company over a three year period relative to the ASX 200 Net Total Return (XNT) index (in the table below); and • Individual Executive KMP performance indicators based upon the Company's strategic plan, the needs of the Company and the requirements of the role.
Gate	Individuals must meet or exceed expectations to be eligible for any LTI award.

Long-term Incentives KPI



The Total Shareholder Return (TSR) vesting scale appears as follows:

% OF 3 YEAR COMPANY TSR VS ASX	% VESTING
‹ 100%	0%
100%	25%
105%	35%
110%	45%
115%	55%
120%	65%
› 125 %	75%

At the commencement of a new performance year, the Executive KMP are issued with Performance Rights to the value of their maximum potential earnings related to their individual role (for example MD 37% of TFR). Over the next three years, both the individual performance of the Executive KMP (25% weighting) and the Company Performance (75% weighting) are assessed to determine what overall percentage of the original performance rights issued will be eligible to vest to the Executive KMP. In addition to the three years performance condition the Executive is also required to complete an additional 12 months service condition before the approved performance rights will vest to the Executive KMP.

EMPLOYMENT CONTRACTS

The agreements with the Executive KMP 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 PLUS SUPERANNUATION [2]	TERMINATION PAYMENTS [3]
Mr S.O. Stephan	No fixed term. 6 months' notice period	$1,458,244	6 months' base remuneration
Mr B.C. Armitage	No fixed term. 3 months' notice period	$514,843	3 months' base remuneration
Mr A.L. Boyd	No fixed term. 3 months' notice period	$784,843	3 months' base remuneration
Mr M.J. Busch	No fixed term. 3 months' notice period	$609,843	3 months' base remuneration

1 This notice applies equally to all parties.

2 Fixed remuneration quoted is for the year ended 31 July 2019; they are reviewed annually by the HRRC.

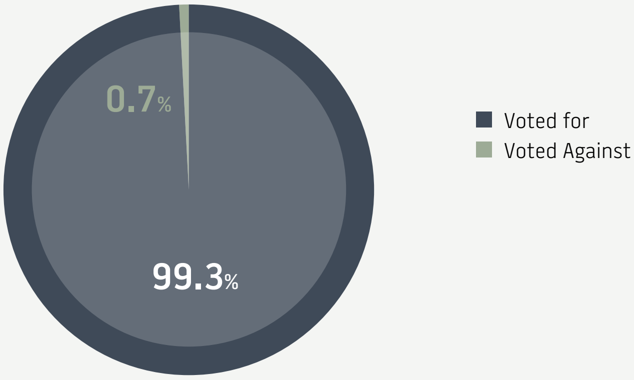
3 Base salary payable if the Company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

REMUNERATION REPORT (CONTINUED)

VOTING AT THE COMPANY'S 2018 ANNUAL GENERAL MEETING

This chart portrays the percentage of votes for and against the Remuneration Report at the 2018 AGM.

Votes on Remuneration Report 2018



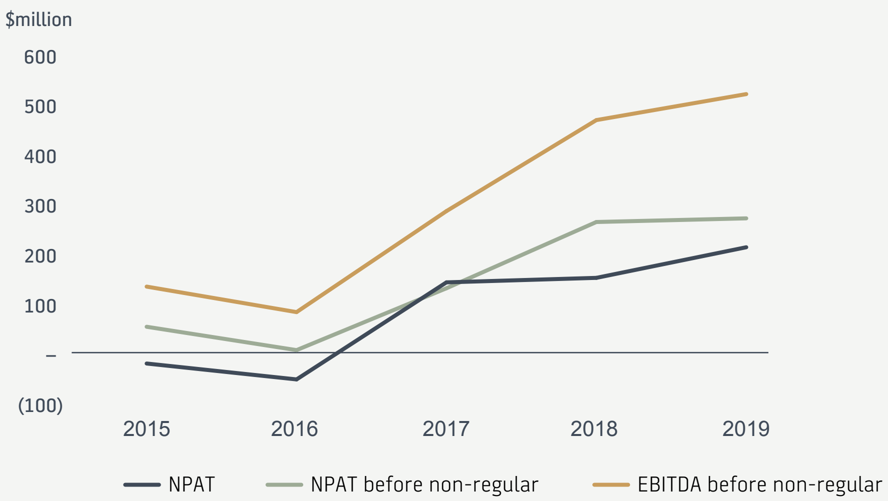
COMPANY PERFORMANCE

The following table outlines the performance of the Company over the 2019 financial year and the previous four financial years in accordance with the requirements of the *Corporations Act 2001*:

		2019	2018	2017	2016	2015
Net profit/(loss) attributable to shareholders	A$000's	**210,652**	149,498	140,620	(53,679)	(21,820)
Profit/(loss) after tax	A$000's	**210,652**	149,498	140,619	(53,680)	(21,821)
Net profit after tax before non regular items	A$000's	**268,487**	261,245	128,713	5,029	51,749
Earnings/(loss) per share	cps	**25.3**	18.0	16.9	(6.5)	(2.6)
Dividends paid during the year	cps	**16.0**	12.0	6.0	8.0	9.5
Share price as at 31 July	$/share	**2.51**	3.19	1.60	1.60	1.91
Shareholders' funds	A$000's	**1,961,012**	1,888,400	1,853,428	1,750,412	1,852,625

This graph represents the key financial performance measures for the Company over the previous five financial years.

Historical Financial Performance



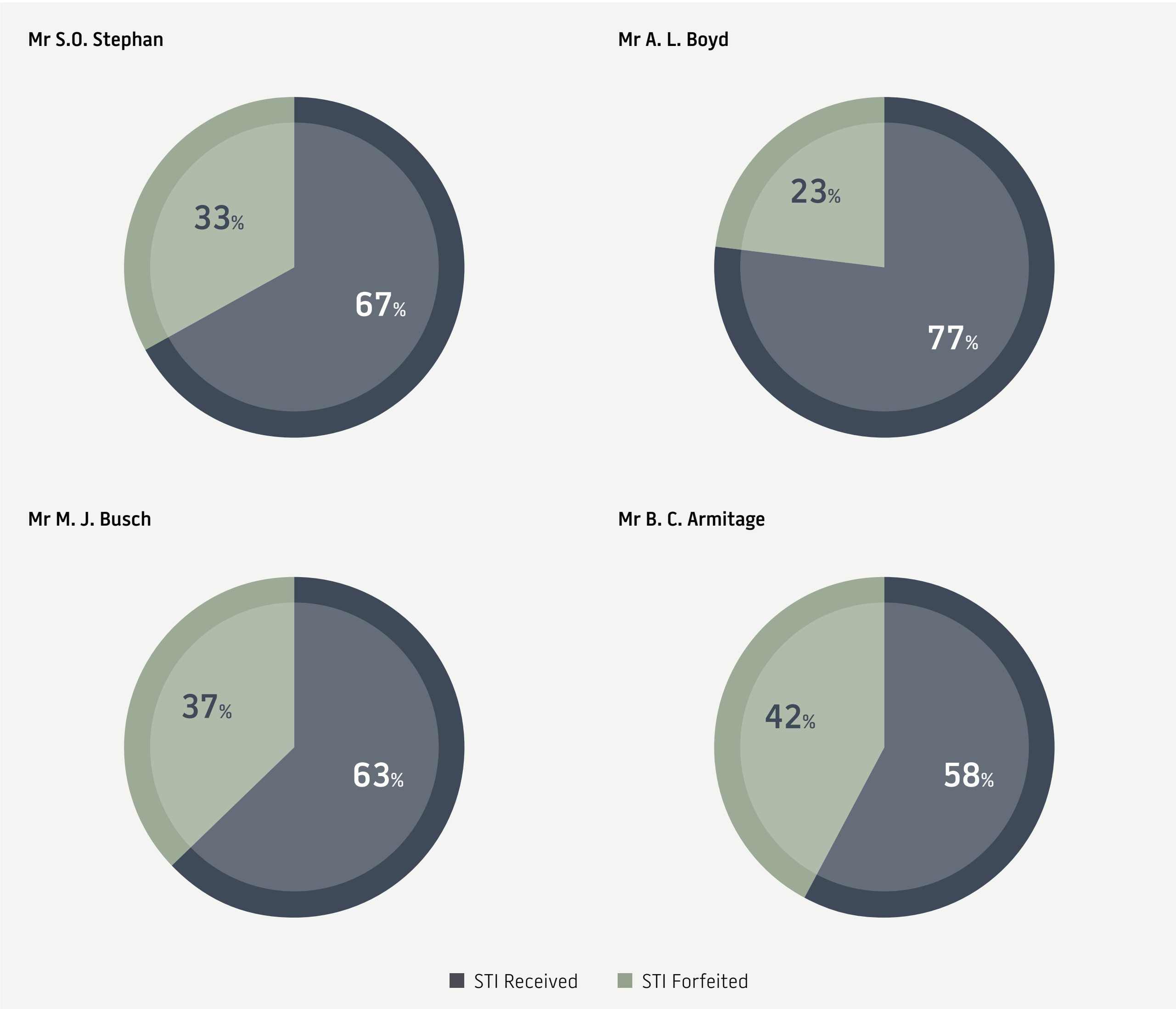
VARIABLE REMUNERATION OUTCOMES

To determine the short-term incentive that will apply in the performance year, the Board assesses the Executive KMP against the individual role KPIs and the performance of the Company. The performance of the company is measured by reference to group profit, group sales volumes and group operating costs.

Details of the Maximum STI entitlements and cash bonuses payable to Executive KMPs in relation to the 2019 financial year are set out below. These amounts will be paid during the 2020 financial year.

EXECUTIVE KMP	STI MAXIMUM $	STI PAYABLE $	STI PAYABLE %	STI FORFEITED $	STI FORFEITED %
Mr S.O. Stephan	555,000	370,000	67%	185,000	33%
Mr B.C. Armitage [1]	176,000	102,500	58%	73,500	42%
Mr A.L. Boyd	287,000	220,000	77%	67,000	23%
Mr M.J. Busch	193,500	121,500	63%	72,000	37%

1 Mr B.C. Armitage was appointed Chief Development Officer on 1 February 2019. The amount of STI maximum is payable for the period 1 August 2018 to 31 July 2019 which includes amounts relating to pre-KMP appointment. The amount of STI payable for the 2019 financial year has been awarded based on the performance for the full year.



Directors’ Report
for the year ended 31 July 2019

REMUNERATION REPORT (CONTINUED)

VARIABLE REMUNERATION OUTCOMES (CONTINUED)

The HRRC is of the view that the Executive KMP have continued to successfully execute the Company’s strategy. The table below is designed to provide shareholders with a better understanding of the actual remuneration paid to each Executive KMP in 2019 and 2018. It includes:

- Fixed remuneration earned and paid in the year ended 31 July 2018 and 31 July 2019;
- STI earned in respect of 31 July 2018 and 31 July 2019 performance noting that:
  - The STI entitlement in respect of the 2018 financial year was paid in October 2018;
  - The STI entitlement in respect of the 2019 financial year will be paid in October 2019;
- LTI entitlements for which both the performance criteria and service criteria have been satisfied during the 2018 or 2019 financial year. The value is calculated by reference to the market value of any shares issued to the Executive on the date of issue; and
- Any non-monetary benefits provided to KMP in the year ended 31 July 2018 and 31 July 2019 (including fringe benefits).

EXECUTIVE KMP	TFR [1] $	STI [2] CASH $	TOTAL CASH $	LTI [3] VESTED AT MARKET $	OTHER [4] $	TOTAL REMUNERATION $
2019						
Executive Directors						
Mr S.O. Stephan	**1,402,072**	**370,000**	**1,772,072**	**513,000**	**153,379**	**2,438,451**
Other Key Management Personnel						
Mr B.C. Armitage [5]	**229,614**	**102,500**	**332,114**	**–**	**19,513**	**351,627**
Mr A.L. Boyd	**757,695**	**220,000**	**977,695**	**252,778**	**79,317**	**1,309,790**
Mr M.J. Busch	**606,120**	**121,500**	**727,620**	**188,326**	**60,448**	**976,394**
Total Other Key Management Personnel	**1,593,429**	**444,000**	**2,037,429**	**441,104**	**159,278**	**2,637,811**
Total – 2019	**2,995,501**	**814,000**	**3,809,501**	**954,104**	**312,657**	**5,076,262**
2018						
Executive Directors						
Mr S.O. Stephan	1,296,511	383,000	1,680,311	266,083	75,534	2,021,928
Other 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 Other 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

1 TFR comprises base salary and superannuation and motor vehicle benefits.

2 STI represents the amount of cash STI that each Executive KMP was paid in October 2018 and will be paid in October 2019 in respect of performance during the 2018 and 2019 financial years respectively.

3 The LTI award for 2019 is in respect of the 2016 LTI entitlement which covers the performance period 1 August 2015 to 31 July 2018 and a service condition that was satisfied on 31 July 2019. Shares were issued in August 2019 after satisfaction of the service condition.

The LTI awarded for 2018 in respect of the 2015 LTI entitlement which covers the performance period 1 August 2014 to 31 July 2017 and a service condition that was satisfied on 31 July 2018. Shares were issued in August 2018 after satisfaction of the service condition.

4 Other includes parking, movements in annual and long service leave provisions and other sundry items.

5 Mr B.C. Armitage was appointed as Chief Development Officer on 1 February 2019.

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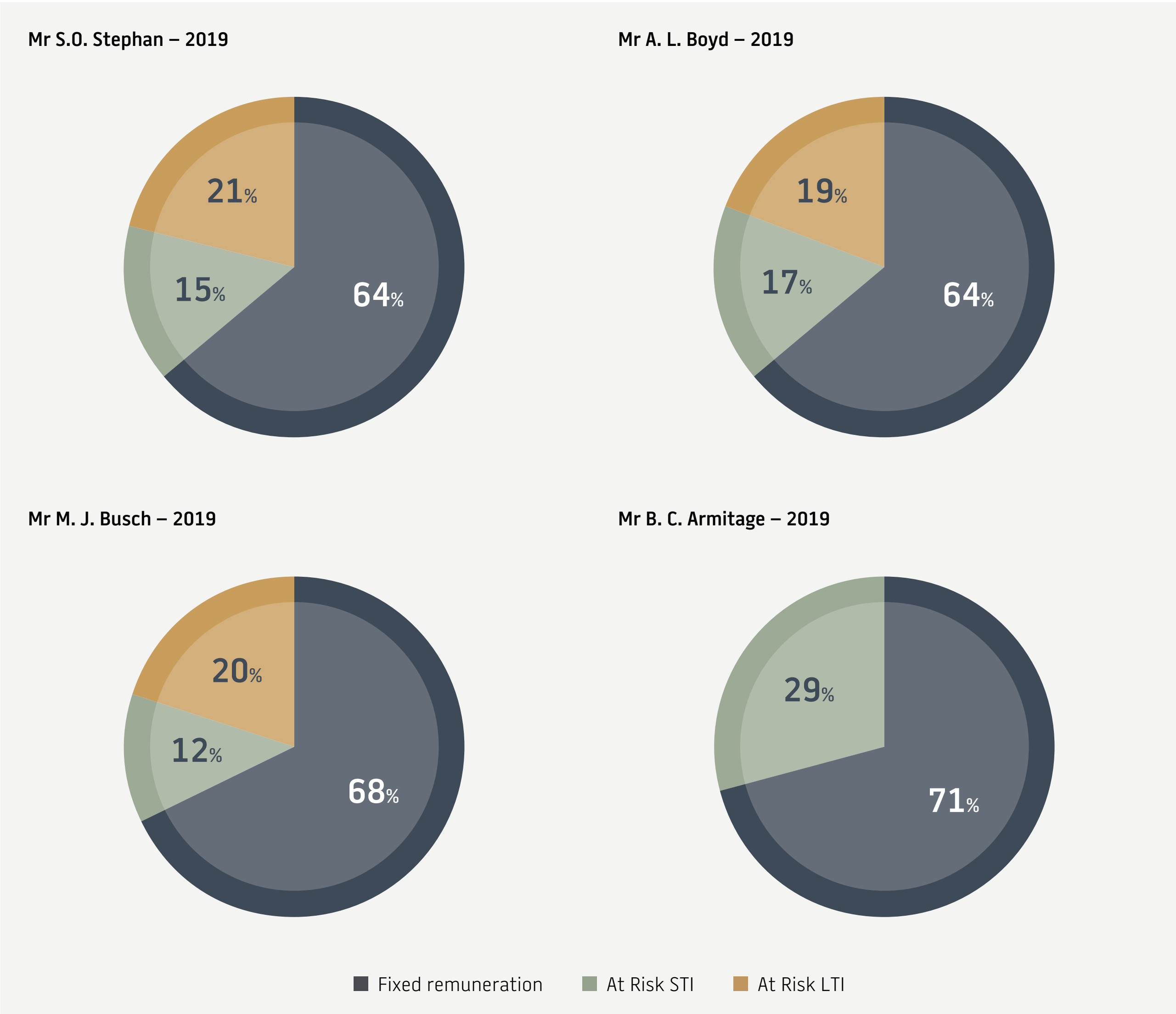
The graphs below reflect the Executives at risk remuneration of total remuneration package for 2019.



REMUNERATION REPORT (CONTINUED)

REMUNERATION – STATUTORY TABLES

Details of the remuneration of Directors and the Executive KMP of the Company are set out below for the current and previous financial years.

	SHORT-TERM EMPLOYEE BENEFITS						
	CASH SALARY AND FEES $	CASH BONUS $	NON CASH BENEFITS[1] $	LONG-TERM BENEFITS LSL $	POST EMPLOYMENT SUPER-ANNUATION $	SHARE-BASED PAYMENTS PERFORMANCE RIGHTS $	TOTAL $
2019							
Non-executive Directors							
Mr R.D. Millner	**304,704**	**–**	**–**	**–**	**20,590**	**–**	**325,294**
Mr T.J. Barlow	**140,392**	**–**	**–**	**–**	**13,337**	**–**	**153,729**
Mr W.H. Grant	**155,991**	**–**	**–**	**–**	**14,819**	**–**	**170,810**
Mr T.C. Millner	**140,392**	**–**	**–**	**–**	**13,337**	**–**	**153,729**
Ms S.J. Palmer	**180,236**	**–**	**–**	**–**	**17,122**	**–**	**197,358**
Mr I.M. Williams	**140,392**	**–**	**–**	**–**	**13,337**	**–**	**153,729**
Total Non-executive Directors	**1,062,107**	**–**	**–**	**–**	**92,542**	**–**	**1,154,649**
Executive Directors							
Mr S.O. Stephan	**1,381,424**	**383,000**	**107,703**	**45,676**	**20,649**	**249,709**	**2,188,161**
Other Key Management Personnel							
Mr B.C. Armitage	**220,573**	**–**	**15,622**	**3,892**	**9,042**	**24,160**	**273,289**
Mr A.L. Boyd	**737,047**	**212,940**	**60,878**	**18,439**	**20,649**	**125,867**	**1,175,820**
Mr M.J. Busch	**585,522**	**140,600**	**47,171**	**13,277**	**20,599**	**93,554**	**900,723**
Total Other Key Management Personnel	**1,543,142**	**353,540**	**123,671**	**35,608**	**50,290**	**243,581**	**2,349,832**
Total Remuneration – 2019	**3,986,673**	**736,540**	**231,374**	**81,284**	**163,481**	**493,290**	**5,692,642**
2018							
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
Other 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 Other 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

1 Non-cash benefits include movements in annual leave provisions.

SHARE BASED COMPENSATION

The terms and conditions of each grant of Performance Rights affecting remuneration of Executive KMP 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 PERFORMANCE RIGHT AT GRANT DATE ($)
2015–2018	Nov-15	Aug-18	1.08
2016–2019	Dec-16	Aug-19	0.80
2017–2020	Mar-18	Aug-20	1.23
2018–2021	Mar-19	Aug-21	1.47

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

Details of Performance Rights over ordinary shares in the Company as at 31 July 2019, provided as remuneration to the Executive KMP of the Company are set out below. No Performance Rights have been issued to Non-Executive Directors in the 2019 financial year. Upon satisfaction of the service period and performance conditions each Performance Right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the Performance Rights yet to vest is nil, as the Performance 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 Performance 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	Nov-15	Aug-18	204,082	$1.08	83,674	41%	120,408	59%	–
	Dec-16	Aug-19 [1]	250,000	$0.80	–	–	–	–	–
	Mar-18	Aug-20	263,158	$1.23	–	–	–	–	134,140
	Mar-19	Aug-21	157,483	$1.47	–	–	–	–	192,773
Mr B.C. Armitage	Mar-18	Aug-20	62,230	$1.23	–	–	–	–	31,721
	Mar-19	Aug-21	32,843	$1.47	–	–	–	–	39,905
Mr A.L. Boyd	Dec-16	Aug-19	124,497	$0.80	–	–	–	–	–
	Mar-18	Aug-20	131,049	$1.23	–	–	–	–	66,800
	Mar-19	Aug-21	85,134	$1.47	–	–	–	–	103,440
Mr M.J. Busch	Nov-15	Aug-18	76,531	$1.08	31,378	41%	45,153	59%	–
	Dec-16	Aug-19 [1]	93,750	$0.80	–	–	–	–	–
	Mar-18	Aug-20	98,684	$1.23	–	–	–	–	50,302
	Mar-19	Aug-21	59,251	$1.47	–	–	–	–	71,991

1 The Performance Rights vesting in August 2019 do not have a maximum value at 31 July 2019 as they vest in August 2019.

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

REMUNERATION REPORT (CONTINUED)

EQUITY HOLDINGS

The tables below show the number of Performance Rights and shares in New Hope Corporation Limited that were held during the financial year KMP of the Company, including their close family members and entities related to them.

Performance Rights Holdings

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	VESTED	FORFEITED	LAPSED	BALANCE AT THE END OF THE YEAR	UNVESTED
Mr S.O. Stephan	717,240	157,483	83,674	–	120,408	670,641	670,641
Mr B.C. Armitage [1]	62,230	32,843	–	–	–	95,073	95,073
Mr A.L. Boyd	255,546	85,134	–	–	–	340,680	340,680
Mr M.J. Busch	268,965	59,251	31,378	–	45,153	251,685	251,685

1 Mr B.C. Armitage was appointed Chief Development Officer on 1 February 2019, at the time of his appointment has held performance rights holdings granted in the previous year which have been included above as part of the balance held at the start of the year.

Share Holdings

NAME	BALANCE AT THE START OF THE YEAR	PURCHASED/ (SOLD)	RECEIVED ON THE VESTING OF PERFORMANCE RIGHTS	BALANCE AT THE END OF THE YEAR
Mr R.D. Millner	3,937,774	220,000	–	4,157,774
Mr T.J. Barlow	19,900	–	–	19,900
Mr W.H. Grant	30,000	–	–	30,000
Mr T.C. Millner	3,774,368	200,000	–	3,974,368
Ms S.J. Palmer	15,000	–	–	15,000
Mr I.M. Williams	38,087	–	–	38,087
Mr S.O. Stephan	337,691	15,000	83,674	436,365
Mr B.C. Armitage	–	–	–	–
Mr A.L. Boyd	15,438	24,460	–	39,898
Mr M.J. Busch	741,880	–	31,378	773,258

Shares issued on the vesting of rights

Since the end of the financial year, 441,715 rights have vested and 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.

Directors' Report
for the year ended 31 July 2019

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Non-audit services

Deloitte Touche Tohmatsu has acted as auditor for the Group for the entire 2019 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 31):

	CONSOLIDATED 2019 $	CONSOLIDATED 2018 $
Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*:		
Deloitte Touche Tohmatsu (Australian firm)	**612,150**	443,750
Total remuneration for audit services	**612,150**	443,750
Other services		
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint operations and other unincorporated interests	**84,400**	35,400
Sustainability and other advisory services	**64,382**	29,800
Ernst & Young (Australian firm)		
Audit of joint operations	**77,000**	38,400
Total remuneration for non-audit services	**225,782**	103,600
Total auditors remuneration	**837,932**	547,350

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 2019 and the number of meetings attended by each Director:

	FULL MEETINGS OF DIRECTORS		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES AND REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Mr R.D. Millner	20	20	–	–	–	–	–	–
Mr T.J Barlow	20	19	5	5	3	3	1	1
Mr W.H. Grant	20	19	5	5	3	3	1	1
Mr T.C. Millner	20	20	–	–	–	–	–	–
Ms S.J. Palmer	20	20	5	5	–	–	–	–
Mr I.M. Williams	20	20	–	–	3	3	1	1
Mr S.O. Stephan	20	18	–	–	–	–	–	–

Signed at Sydney this 16th day of September 2019 in accordance with a resolution of Directors.

R.D. Millner
Director

Auditor’s Independence Declaration
for the year ended 31 July 2019

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

16 September 2019

Dear Board Members

Auditor’s Independence Declaration to New Hope Corporation Limited

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

As lead audit partner for the audit of the financial report of New Hope Corporation Limited for the year ended 31 July 2019, 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 2019

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the Operations Overview on pages 6 to 17, which is not part of this financial report. The financial report was authorised for issue by the Directors on 16 September 2019. 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 2019

	NOTES	2019 $000	RESTATED[1] 2018 $000
Revenue from continuing operations	2	**1,306,429**	1,078,439
Other income	3(a)	**3,456**	964
		1,309,885	1,079,403
Expenses			
Cost of sales		**(716,198)**	(524,818)
Marketing and transportation		**(179,508)**	(161,730)
Administration		**(14,041)**	(15,428)
Other expenses		**(21,675)**	(14,976)
Financing costs	17(c)	**(22,964)**	(3,363)
Acquisition costs expensed	3(b)	**(47,729)**	–
Impairment of assets	3(b)	**–**	(91,475)
Profit before income tax from continuing operations		**307,770**	267,613
Income tax expense	4(a)	**(97,338)**	(80,284)
Profit after income tax from continuing operations		**210,432**	187,329
Profit/(loss) after income tax from discontinued operations	24(b)	**220**	(37,831)
Profit for the year		**210,652**	149,498
Profit attributable to:			
New Hope Shareholders		**210,652**	149,498
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)	**(19,838)**	(5,923)
Transfer to profit and loss for cash flow hedges, net of tax	20(f)	**14,772**	(9,071)
Items that will not be reclassified to profit and loss:			
Changes to the fair value of equity investments, net of tax	20(f)	**(696)**	(129)
Other comprehensive loss for the year, net of tax		**(5,762)**	(15,123)
Total comprehensive income for the year		**204,890**	134,375
Total comprehensive income attributable to:			
New Hope Shareholders		**204,890**	134,375
Earnings per share for profit from continuing operations attributed to ordinary equity holders of the Company			
Basic earnings per share (cents/share)		**25.3**	22.5
Diluted earnings per share (cents/share)		**25.3**	22.5
Earnings per share for profit attributed to ordinary equity holders of the Company			
Basic earnings per share (cents/share)	6	**25.3**	18.0
Diluted earnings per share (cents/share)	6	**25.3**	18.0

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24) as well as other reclassifications on the Statement of Comprehensive Income to better reflect the disclosures in the current year.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet
as at 31 July 2019

	NOTES	2019 $000	2018 $000
Current assets			
Cash and cash equivalents	14	**58,827**	274,975
Term deposits	15	**–**	205,000
Receivables	7	**108,069**	105,473
Inventories	9	**96,269**	61,175
Total current assets		**263,165**	646,623
Non-current assets			
Receivables	7	**1,056**	1,499
Equity investments	16	**723**	1,845
Derivative financial instruments	18	**190**	–
Property, plant and equipment	10	**2,138,233**	1,350,057
Intangible assets	11	**96,457**	58,042
Exploration and evaluation assets	12	**301,589**	280,301
Total non-current assets		**2,538,248**	1,691,744
Total assets		**2,801,413**	2,338,367
Current liabilities			
Accounts payable	8	**108,701**	78,753
Borrowings	17(a)	**2,532**	2,442
Current tax liabilities	4(d)	**5,817**	81,091
Derivative financial instruments	18	**10,774**	3,344
Provisions	13	**86,270**	66,758
Total current liabilities		**214,094**	232,388
Non-current liabilities			
Borrowings	17(a)	**358,206**	7,790
Deferred tax liabilities	4(e)	**52,633**	49,862
Provisions	13	**215,468**	159,927
Total non-current liabilities		**626,307**	217,579
Total liabilities		**840,401**	449,967
Net assets		**1,961,012**	1,888,400
Equity			
Contributed equity	20(d)	**96,315**	95,905
Reserves	20(f)	**(2,977)**	21,617
Retained profits	20(g)	**1,867,674**	1,770,878
Total equity		**1,961,012**	1,888,400

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 31 July 2019

	NOTES	CONTRIBUTED EQUITY $000	RESERVES $000	RETAINED EARNINGS $000	NON-CONTROLLING INTERESTS $000	TOTAL $000
Balance at 1 August 2018		**95,905**	**21,617**	**1,770,878**	**–**	**1,888,400**
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9	32	**–**	**(27,861)**	**27,861**	**–**	**–**
Restated balance as at 1 August 2018		**95,905**	**(6,244)**	**1,798,739**	**–**	**1,888,400**
Profit for the year		**–**	**–**	**210,652**	**–**	**210,652**
Other comprehensive loss		**–**	**(5,762)**	**–**	**–**	**(5,762)**
Total comprehensive income/(loss)		**–**	**(5,762)**	**210,652**	**–**	**204,890**
Transactions with owners in their capacity as owners						
Dividends provided for or paid	19(a)	**–**	**–**	**(133,002)**	**–**	**(133,002)**
Transfer from equity investment reserve to retained earnings	20(f)	**–**	**8,715**	**(8,715)**	**–**	**–**
Transfer from share based payment reserve to equity	20(f)	**410**	**(410)**	**–**	**–**	**–**
Net movement in share based payment reserve	20(f)	**–**	**724**	**–**	**–**	**724**
		410	**9,029**	**(141,717)**	**–**	**(132,278)**
Balance at 31 July 2019		**96,315**	**(2,977)**	**1,867,674**	**–**	**1,961,012**
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(a)	–	–	(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
Acquisition of non-controlling interests		–	–	–	(20)	(20)
		133	222	(99,738)	(20)	(99,403)
Balance at 31 July 2018		95,905	21,617	1,770,878	–	1,888,400

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 2019

	NOTES	2019 $000	2018 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**1,390,916**	1,090,295
Payments to suppliers and employees inclusive of GST		**(881,144)**	(656,437)
		509,772	433,858
Payment of acquisition costs	3(b)	**(47,729)**	–
Interest received		**5,490**	4,825
Interest paid		**(10,772)**	(101)
Income taxes paid [1]		**(162,977)**	(15,779)
Net cash inflow from operating activities	5	**293,784**	422,803
Cash flows from investing activities			
Payments for property, plant and equipment	10	**(76,942)**	(62,935)
Payments for intangibles	11	**(54)**	(1,237)
Payments for exploration and evaluation activities	12	**(21,286)**	(25,737)
Payments for acquisition of Bengalla – net cash	23	**(831,264)**	–
Proceeds from disposal of equity investments – Planet Gas		**429**	–
Proceeds from/(investment in) term deposits		**205,000**	(205,000)
Proceeds from sale of property, plant and equipment		**557**	2,359
Interest received from term deposits		**648**	583
(Payments)/refunds for security and bond guarantees		**(59)**	3
Dividends received		**2**	2
Net cash outflow from investing activities		**(722,969)**	(291,962)
Cash flows from financing activities [2^]			
Repayment of finance leases		**(2,443)**	(2,356)
Dividends paid	19	**(133,002)**	(99,738)
Proceeds from debt borrowings		**760,000**	–
Repayments of debt borrowings		**(400,000)**	–
Payments for debt establishment and transaction costs	17(a)	**(8,436)**	–
Payments for establishment costs for guarantee facility	17(c)	**(4,366)**	–
Net cash inflow/(outflow) from financing activities		**211,753**	(102,094)
Net increase/(decrease) in cash and cash equivalents		**(217,432)**	28,747
Cash and cash equivalents at the beginning of the financial year		**274,975**	236,885
Effects of exchange rate changes on cash and cash equivalents		**1,284**	9,343
Cash and cash equivalents at the end of the financial year	14	**58,827**	274,975

1 The amount of income taxes paid for the year represents current year instalments as well as settlement of the current tax liability from 31 July 2018.

2 ^The total change in liabilities arising from financing activities relates to cash repayments made during the year, see Note 17 (a).

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statement
for the year ended 31 July 2019

The financial report covers New Hope Corporation Limited and its subsidiaries as the consolidated entity and together are referred to as New Hope, the Company or the Group 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 with the exception of changes required on adoption of new accounting standards as identified in note 32.
- Has been prepared under the historical cost convention, as modified by the revaluation of equity investments, trade receivables held at fair value, 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 16 *Leases*). Refer to note 32 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 2019 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) INTERESTS IN OTHER ENTITIES

For information on Joint Arrangements and interests in Other unincorporated entities refer to note 22.

Notes to the Financial Statement
for the year ended 31 July 2019

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.

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:

1. FINANCIAL REPORTING SEGMENTS

ACCOUNTING POLICY

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

The Group disaggregates revenue based on the geographical region to which goods and services are provided to customers. Outlined in note 1(c) is the disaggregation of the Group's revenue from contracts with customers. Refer to note 2 for further information on the Group's revenue accounting policy.

A. DESCRIPTION OF SEGMENTS

The Group has three reportable segments, namely Coal mining in Queensland (including mining related production, processing, transportation, port operations and marketing), Coal mining in New South Wales (including mining related production, processing, transportation and marketing) and Other (including coal exploration, oil and gas related exploration, development, production and processing, pastoral operations and administration). Treasury and income tax expense have not been allocated to an operating segment and are reconciliation items.

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

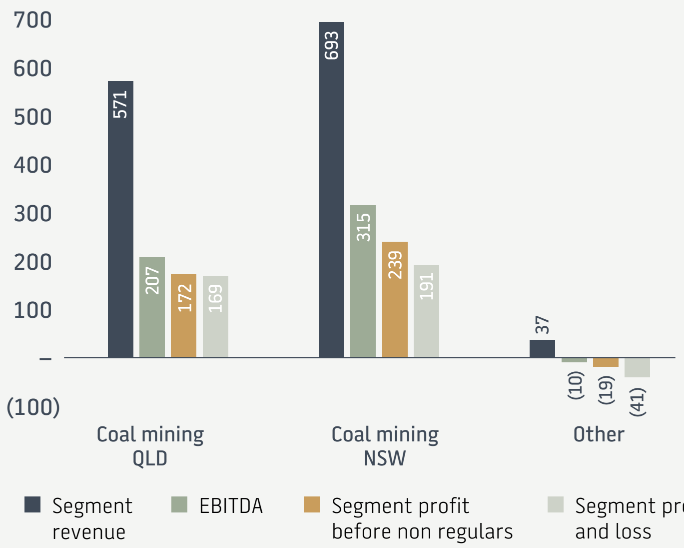
Other immaterial coal mining and related operations that do not meet the quantitative thresholds requiring separate disclosure in AASB 8 *Operating Segments* have been combined with the Other segment. Segment information is presented on the same basis as that used for internal reporting purposes.

1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

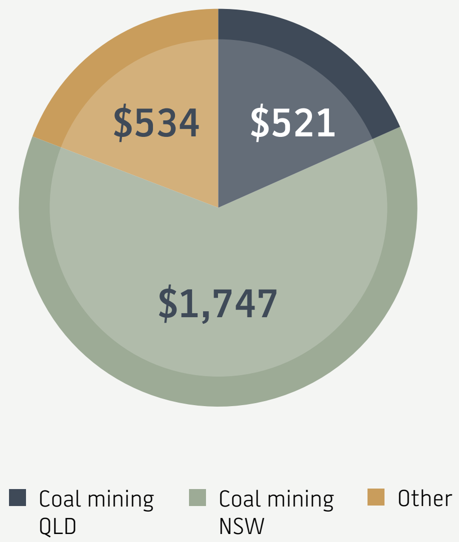
B. SEGMENT INFORMATION

YEAR ENDED 31 JULY 2019	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OTHER $000	TOTAL $000
Total segment revenue		571,435	692,789	61,978	1,326,202
Intersegment revenue		–	–	(24,995)	(24,995)
Revenue from external customers		571,435	692,789	36,983	1,301,207
Interest revenue					5,222
Total revenue from external customers	2				1,306,429
Group EBITDA from continuing operations					517,061
Segment EBITDA from continuing operations		206,913	315,293	(9,573)	512,633
Depreciation and amortisation		(34,682)	(76,196)	(9,769)	(120,647)
Interest expense		(325)	(1)	(1)	(327)
Segment profit/(loss) before tax and non regular items from continuing operations		171,906	239,096	(19,343)	391,659
Non regular items before tax [1]^		(2,746)	(47,729)	(21,675)	(72,150)
Profit/(loss) before tax after non regular items from continuing operations		169,160	191,367	(41,018)	319,509
Treasury loss before income tax					(11,739)
Profit before tax (after non regular items) from continuing operations					307,770
Income tax expense	4(a)				(97,338)
Profit after tax and non regular items from continuing operations					210,432
Profit from discontinued operations	24				220
Profit after tax and non regular items					210,652
Reportable segment assets		520,522	1,747,390	533,501	2,801,413
Total segment assets includes:					
Additions to non-current assets		28,565	849,463	33,889	911,917

Segment performance ($million) – 2019



Segment assets ($million) – 2019

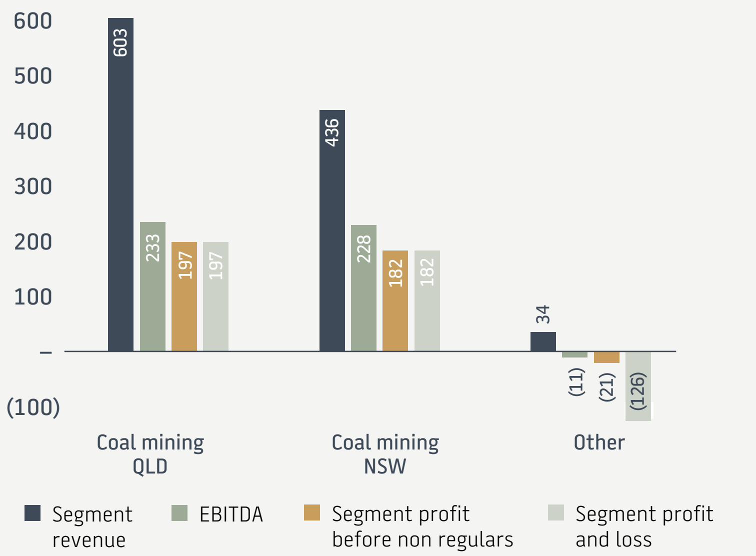


1 Non regular items for the year ended 31 July 2019 relate to provisions movements associated with non-controlled subsidiaries and related costs, insurance proceeds, acquisition costs expensed, guarantee facility costs and mine closure redundancy costs.

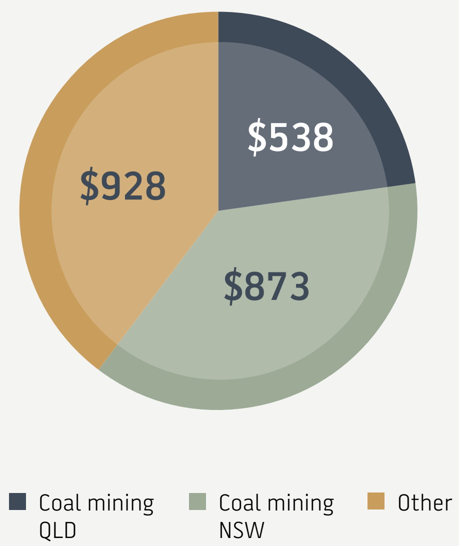
Notes to the Financial Statement
for the year ended 31 July 2019

YEAR ENDED 31 JULY 2018[1^]	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OTHER $000	TOTAL $000
Total segment revenue		602,963	435,843	53,180	1,091,986
Intersegment revenue		–	–	(19,524)	(19,524)
Revenue from external customers		602,963	435,843	33,656	1,072,462
Interest revenue					5,977
Total revenue from external customers	2				1,078,439
Group EBITDA from continuing operations					465,484
Segment EBITDA from continuing operations		233,315	227,716	(10,890)	450,141
Depreciation and amortisation		(36,370)	(45,846)	(9,960)	(92,176)
Interest expense		(411)	–	311	(100)
Segment profit/(loss) before tax and non regular items from continuing operations		196,534	181,870	(20,539)	357,865
Non regular items before tax		–	–	(105,594)	(105,594)
Profit/(loss) before tax after non regular items from continuing operations		196,534	181,870	(126,133)	252,271
Treasury profit before income tax					15,342
Profit before tax (after non regular items) from continuing operations					267,613
Income tax expense	4(a)				(80,284)
Profit after tax and non regular items from continuing operations					187,329
Loss from discontinued operations	24				(37,831)
Profit after tax and non regular items					149,498
Reportable segment assets		537,647	873,198	927,522	2,338,367
Total segment assets includes:					
Additions to non-current assets		45,444	22,308	22,157	89,909

Segment performance ($million) – 2018



Segment assets ($million) – 2018



1 During the year the information requirements of the CODM were altered with the changing nature of the Group and how it is managed. The prior period segment note has been restated to align with reporting in the current period and to provide better comparability.

Notes to the Financial Statement
for the year ended 31 July 2019

1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

C. OTHER SEGMENT INFORMATION

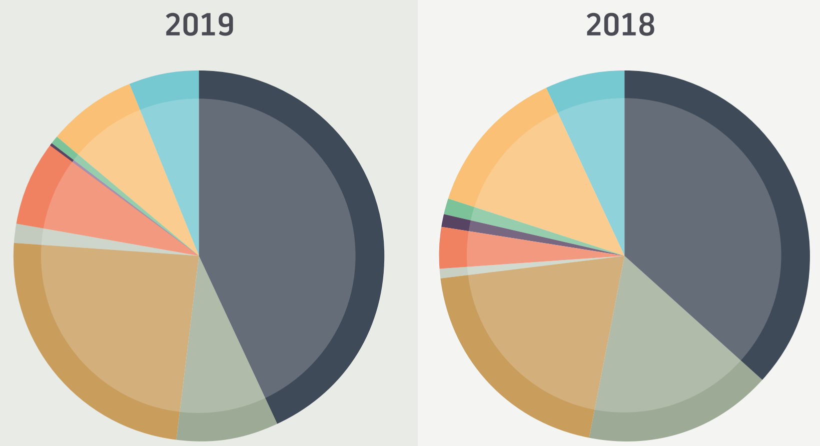
(i) SEGMENT REVENUE

YEAR ENDED 31 JULY 2019	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OTHER $000	TOTAL $000
Total segment revenue by geographical region					
Japan		218,399	338,886	–	557,285
China		68,562	47,760	–	116,322
Taiwan		219,332	93,390	–	312,722
Chile		7,677	11,683	–	19,360
Korea/Indonesia		26,967	70,000	–	96,967
Vietnam		–	1,890	–	1,890
India		–	10,231	–	10,231
Other		–	98,237	–	98,237
Australia		29,708	15,239	33,954	78,901
Revenue from customer contracts[1]		570,645	687,316	33,954	1,291,915
Other revenue					14,514
Total revenue	2				1,306,429

1 Revenue from customer contracts includes income from commodity sales and services as disclosed in note 2.

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 2019, one customer contributed $189,013,000 (2018 – $210,390,000) in sales revenue.

Segment revenue



	2019 $000	2018 $000
Japan	**557,285**	390,678
China	**116,322**	174,324
Taiwan	**312,722**	212,282
Chile	**19,360**	8,858
Korea/Indonesia	**96,967**	38,718
Vietnam	**1,890**	11,779
India	**10,231**	15,105
Other	**98,237**	136,564
Australia	**78,901**	73,164

YEAR ENDED 31 JULY 2018	NOTES	COAL MINING QLD $000	COAL MINING NSW $000	OTHER $000	TOTAL $000
Total segment revenue by geographical region					
Japan		226,816	163,862	–	390,678
China		108,610	65,714	–	174,324
Taiwan		187,727	24,555	–	212,282
Chile		–	8,858	–	8,858
Korea/Indonesia		30,593	8,125	–	38,718
Vietnam		11,779	–	–	11,779
India		7,218	7,887	–	15,105
Other		–	136,564	–	136,564
Australia		26,702	17,310	29,152	73,164
Revenue from customer contracts [1]		599,445	432,875	29,152	1,061,472
Other revenue					16,967
Total revenue	2				1,078,439

1 Revenue from customer contracts includes income from commodity sales and services as disclosed in note 2.

(ii) SEGMENT ASSETS

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

Notes to the Financial Statement
for the year ended 31 July 2019

2. REVENUE

ACCOUNTING POLICY

The Group recognises sales revenue related to the transfer of promised goods or services when the performance obligations under the contract have been satisfied. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled for satisfying the performance obligation.

Revenue is recognised for the major business activities as follows:

- Coal sales revenue is recognised at a the point in time when control of the products have been transferred to the customer in accordance with the sales terms, in this instance when the risks and benefits of ownership has transferred. The title, risks and rewards, and therefore the fulfilment of performance obligations normally occurs at the time of loading the shipment for export sales, and generally at the time the coal is delivered to the customer for domestic sales.
- Oil sales revenue is recognised at the point in time when control of the products have been transferred to the customer in accordance with the sales terms, in this instance when the risks and benefits of ownership have transferred. This is normally when the oil is delivered to the customer.
- Service fee income and management fee income is recognised as revenue over time as the services are performed.

	NOTES	2019 $000	RESTATED[1] 2018 $000
Sales revenue			
Revenue from commodity sales		**1,278,350**	1,047,876
Revenue from provisional pricing adjustments		**2,885**	5,365
Services		**13,565**	13,596
		1,294,800	1,066,837
Other revenue			
Property rent		**1,195**	986
Interest		**5,407**	5,843
Sundry revenue		**5,027**	4,773
	1(c)	**1,306,429**	1,078,439

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24) as well as other reclassifications on the Statement of Comprehensive Income to better reflect the disclosures in the current year.

Notes to the Financial Statement
for the year ended 31 July 2019

3. OTHER INCOME AND EXPENSES

A. OTHER INCOME

	NOTES	2019 $000	RESTATED[1] 2018 $000
Insurance recovery		**3,264**	298
Gain on sale of property, plant and equipment		**192**	666
		3,456	964

B. BREAKDOWN OF EXPENSES

	NOTES	2019 $000	RESTATED[1] 2018 $000
Profit before income tax includes the following specific expenses:			
Foreign exchange gains and losses			
Net foreign exchange gains		**1,284**	9,343
Depreciation			
Buildings	10	**1,894**	1,197
Plant and equipment	10	**57,182**	47,424
		59,076	48,621
Amortisation			
Mining reserves, leases and mine development	10	**50,407**	33,235
Oil producing assets	10	**7,885**	7,961
Software	11	**534**	702
Mining information	11	**2,313**	1,396
Water rights	11	**433**	262
		61,572	43,556
Other charges against assets			
Impairment of coal exploration assets	12	**–**	92,332
Reversal of impairment of coal to liquids facility assets		**–**	(857)
		–	91,475
Onerous contract and other liquidation related expenses[2]		**21,675**	14,976
Acquisition costs expensed	23	**47,729**	–
Exploration costs expensed[3]		**16,009**	13,393
Employee benefits expensed		**174,356**	132,817
Superannuation expensed[4]		**11,203**	8,829
Operating lease costs expensed		**19,685**	14,260

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24).
2 Onerous contract and other provision movements have been included in Other Expenses.
3 Exploration costs expensed includes relevant Employee expenses.
4 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 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.

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.

A. INCOME TAX EXPENSE

	2019 $000	RESTATED[1] 2018 $000
Income tax – Current tax expense	**91,273**	94,762
Income tax – Adjustments for current tax of prior periods[2]	**924**	15,132
Income tax – Deferred tax expense/(benefit)	**5,141**	(45,580)
Income tax – 2018 restatement for discontinued operations	**–**	15,970
	97,338	80,284
Effective tax rate	**31.6%**	30.1%

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24) as well as other reclassifications on the Statement of Comprehensive Income to better reflect the disclosures in the current year.

2 During the 2018 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.

Notes to the Financial Statement
for the year ended 31 July 2019

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

	NOTES	2019 $000	RESTATED[1] 2018 $000
Profit from continuing operations before income tax		**307,770**	267,613
Profit/(loss) from discontinued operations before income tax	24	**220**	(53,801)
		307,990	213,812
Income tax calculated at 30% (2018 – 30%)		**92,397**	64,144
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-deductible amounts from discontinuing operations		**66**	170
Other deductible amounts		**4,493**	–
Sundry items		**256**	114
		97,212	64,428
(Over)/under provided in prior year		**126**	(81)
Effect of previously unrecognised capital losses		**–**	(33)
Income tax expense		**97,338**	64,314

C. TAX EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

Cash flow hedges	20(f)	**2,172**	6,426

D. RECONCILIATION OF INCOME TAX PAYABLE/(RECEIVABLE)

Profit from continuing operations before income tax		**307,770**	267,613
Profit/(loss) from discontinued operations before income tax	24	**220**	(53,801)
		307,990	213,812
Income tax calculated at 30% (2018 – 30%)		**92,397**	64,144
Tax effected adjustments to taxable income:			
Non temporary differences			
Non-deductible amounts from discontinuing operations		**66**	170
Other non temporary items		**256**	251
Temporary differences:			
Non deductible impairment expenses		**–**	39,688
Other assessable/(deductible) amounts		**(4,757)**	(4,393)
Tax losses utilised		**(1,182)**	(5,097)
Taxable income at 30% (2018 – 30%)		**86,780**	94,763
Current tax liability		**86,780**	94,763
Less: Tax instalments paid		**(80,963)**	(13,672)
Tax payable		**5,817**	81,091

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24) as well as other reclassifications on the Statement of Comprehensive Income to better reflect the disclosures in the current year.

4. INCOME TAXES (CONTINUED)

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
2019							
Rehabilitation provision	**36,678**	**26,431**	**–**	**10,677**	**73,786**	**73,786**	**–**
Property, plant and equipment	**(42,485)**	**(21,866)**	**–**	**(12,874)**	**(77,225)**	**–**	**(77,225)**
Capitalised exploration	**(56,708)**	**(2,879)**	**–**	**–**	**(59,587)**	**–**	**(59,587)**
Cash flow hedges	**1,003**	**–**	**2,172**	**–**	**3,175**	**3,175**	**–**
Inventories	**(5,465)**	**(1,835)**	**–**	**–**	**(7,300)**	**–**	**(7,300)**
Employee benefits	**13,749**	**1,959**	**–**	**2,259**	**17,967**	**17,967**	**–**
Other	**684**	**(5,571)**	**–**	**(62)**	**(4,949)**	**–**	**(4,949)**
Revenue tax losses	**1,182**	**(1,182)**	**–**	**–**	**–**	**–**	**–**
Capital losses	**1,500**	**–**	**–**	**–**	**1,500**	**1,500**	**–**
	(49,862)	**(4,943)**	**2,172**	**–**	**(52,633)**	**96,428**	**(149,061)**

	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)

F. UNRECOGNISED DEFERRED TAX ASSETS

	2019 $000	2018 $000
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses (capital)	**7,146**	9,091
PRRT (net of income tax)	**–**	160,784
Temporary differences associated with equity investments	**5,551**	8,133
	12,697	178,008

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	2019 $000	RESTATED[1] 2018 $000
Profit after income tax		**210,652**	149,498
Depreciation and amortisation		**120,649**	92,176
Non-cash employee benefit expense – share based payments	20(f)	**724**	355
(Gain)/Loss from discontinued operations after tax	24(b)	**(220)**	37,831
Impairment of coal exploration assets	3(b)	**–**	91,475
Reversal of impairment of coal to liquids facility assets	3(b)	**–**	(857)
Net foreign exchange gains	3(b)	**(1,284)**	(9,343)
Net (profit)/loss on sale of non-current assets		**(175)**	639
Interest income		**(648)**	(583)
Income taxes paid		**(162,977)**	(15,779)
Income tax expense	4(a)	**97,338**	80,284
Payment of establishment costs for guarantee facility	17(c)	**4,366**	–
Amortisation of transaction cost	17(c)	**1,384**	–
Changes in operating assets and liabilities			
(Increase)/decrease in receivables and prepayments		**14,273**	(34,060)
Increase in inventories		**(6,967)**	(1,394)
Increase/(decrease) in payables		**8,710**	(2,250)
Increase/(decrease) in provisions and employee entitlements		**7,959**	34,811
Net cash provided by operating activities		**293,784**	422,803

1 Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 24).

6. EARNINGS PER SHARE

ACCOUNTING POLICY

BASIC EARNINGS PER SHARE

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

DILUTED EARNINGS PER SHARE

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

	EARNINGS PER SHARE (CENTS)	
	2019	2018
A. Basic earnings per share attributable to ordinary equity holders of the Company	**25.3**	18.0
B. Diluted earnings per share attributable to ordinary equity holders of the Company	**25.3**	18.0

C. Reconciliation of adjusted profits

	BASIC AND DILUTED	
	2019 $000	2018 $000
Profit attributable to the ordinary equity holders of the Company	**210,652**	149,498

D. Weighted average number of shares used as the denominator

	CONSOLIDATED	
	2019	2018
Weighted average number of ordinary shares (basic)	**831,261,875**	831,141,985
Rights	**1,414,347**	1,064,431
Weighted average number of ordinary shares (diluted)	**832,676,222**	832,206,416

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 28.

7. RECEIVABLES

ACCOUNTING POLICY

Trade receivables derived from contracted sales are recognised initially at fair value and subsequently at amortised cost, less any expected credit losses (ECL). Trade receivables from provisionally priced sales are carried at fair value. The carrying value less the estimated credit adjustments is assumed to approximate their fair values due to their short term nature. 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 any ECLs. 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.

The Group measures the loss allowance for a financial asset at an amount equal to the lifetime ECL. Where the financial asset's credit risk has not increased significantly since initial recognition, the Group will measure the loss allowance based on 12-months ECL. A simplified approach is taken to accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the lifetime ECL. In applying this simplified method, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL.

	2019 $000	2018 $000
Current		
Trade receivables	**54,976**	39,198
Trade receivables – provisionally priced	**19,285**	38,565
Other receivables (a)	**24,596**	21,781
Prepayments	**9,212**	5,929
	108,069	105,473
Non-current		
Other receivables	**1,056**	1,499

A. 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.

B. 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.

C. 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. The Group assessed the ECL in relation to trade and other receivables in the current year and the prior year to be immaterial and no loss allowance has been recorded.

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.

	2019 $000	2018 $000
Trade payables and accruals	**108,701**	78,753

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.

	2019 $000	2018 $000
Coal stocks	**67,658**	40,572
Self-generating and regenerating assets	**2,748**	2,559
Raw materials and stores at cost	**27,485**	20,656
Less: Provision for obsolescence	**(1,622)**	(2,612)
	96,269	61,175

A. INVENTORY EXPENSE

Coal stocks recognised as an expense during the year ended 31 July 2019 amounted to $755,856,000 (2018 – $622,277,000).
There were no write-downs of inventory to net realisable value recognised as an expense during the year (2018 – $2,010,000).

10.PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

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

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

Depreciation is calculated so as to write off the cost of each item of property, plant and equipment over its expected economic life to the consolidated entity. Each item's useful life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources of the mine property at which the item is located. Estimates of residual values and remaining useful lives are made on an annual basis. An annual review of the appropriateness of the method of depreciation is also undertaken noting the straight line method was predominately used in the 2019 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.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 producing 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 2019).

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. In particular the increasing global focus on climate change and associated policy and regulatory risks may impact on future coal demand and prices which could impact reserves and resource estimations.

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 NAC03 project remain at 31 July 2019. Consistent with the position outlined in the financial report for the previous year ended 31 July 2018, and the half-year financial report for the period ended 31 January 2019, 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 CGU assets.

A summary of the key events pertaining to NAC03 project approvals are:

- On 31 May 2017, the Land Court recommended that the EA and ML for the project not be granted;
- On 14 February 2018, the Chief Executive of the Department of Environment and Science (DES) made a decision to refuse the application for amendment of the EA;
- On 28 May 2018 the Supreme Court of Queensland ruled in favour of New Acland with the key orders being:
  - 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 DES 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 groundwater and intergenerational equity (as it relates to groundwater) 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.
- A hearing of the Land Court, in accordance with the instructions of the Supreme Court from the Judicial Review, was held in early October 2018 with a decision handed down on 7 November 2018. The Land Court conditionally recommended that the MLs and EA amendment be granted subject to certain conditions including the Coordinator-General first amending the noise limit conditions to 35 dBA in the evening and night with the DES incorporating the changes in the amendment of the EA by 31 May 2019;
- On 12 February 2019, NAC received a change report from the Coordinator-General in respect of the noise conditions for NAC03. On 15 February 2019, the DES confirmed that the change report had satisfied all of the preconditions imposed by the Land Court for the approval of the ML and amendments to the EA and the EA was granted on 12 March 2019;

SIGNIFICANT JUDGEMENTS AND ESTIMATES – IMPAIRMENT OF ASSETS

- The Supreme Court of Queensland decision was appealed by the OCAA. New Acland has successfully defended the Judicial Review decision of the Supreme Court of QLD in the Court of Appeal with a judgement against the OCAA received on 10 September 2019. The orders relating to the judgement are yet to be finalised. The decision from the Court of Appeal process may still be subject to an application for special leave to appeal to the High Court by the appellant (OCAA);
- The AWL application process re-started during July 2018 following engagement with the Department of Natural Resources, Mines and Energy (DNRM). On 19 January 2019, NAC lodged an Amended AWL application which has now progressed through public consultation and is with the Minister for decision

The Company has undertaken a detailed assessment regarding impairment as required under AASB 136 for the year ended 31 July 2019. The Company carefully considered the potential impact that recent developments in the legal and regulatory environment may have and the possibility of any resultant impacts 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 at the commencement of the 2021 financial year and any delay beyond this may result in impairment. The assumptions of the impairment assessment reflect that once approvals are granted NAC03 operates for the full life of mine.

(ii) Coal price assumptions

Short term coal prices have improved slightly since 31 July 2018 and long term indications of pricing have also improved. The Company has also acknowledged the decrease in the current spot pricing during the second half of the financial year and also the increased differential between high calorific value coals and lower calorific value coals in concluding on its pricing assumptions. The coal price range for assessments at 31 July 2019 is US$59 – US$125 per tonne (nominal basis).

In undertaking its impairment assessment, the Company has considered the potential impact of climate change risk on the future cash flows contained within the fair value discounted cash flow model. These risks include the potential impact on future coal prices of changes in market supply and demand dynamics over the life of NAC03, and the potential for cost volatility associated with factors such as climate change related regulatory changes and/or market participation by suppliers of services to the Company.

These types of risks are taken into account in a variety of ways which include the use of forecast commodity prices and industry risk measures as an input into the calculation of the discount rate applied against future cash flows. In addition, given the near term timing and expected life of the project, the Company does not consider there to be significant risk of climate change materially impacting project outcomes once current approvals are received.

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 coal mining CGU as at 31 July 2019.

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

	2019 $000	2018 $000
Property, plant and equipment		
Land and buildings – mining	**56,193**	55,509
Plant and equipment	**98,025**	107,981
Mining reserves, leases and development assets	**2,887**	3,977
Plant under construction	**49,495**	50,978
Intangibles		
Software	**887**	1,207
Exploration and evaluation		
Exploration and evaluation at cost	**42,025**	37,873
Total carrying value	**249,512**	257,525

The Queensland mining operations 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.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2019. 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.

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:

	2019 $000	2018 $000
Property, plant and equipment		
Land and buildings	**1,617**	1,694
Plant and equipment	**80,552**	84,477
Port development	**11,367**	11,872
Plant under construction	**1,556**	284
Intangibles		
Software	**112**	142
Goodwill	**5,596**	5,596
Total carrying value	**100,800**	104,065

Notes to the Financial Statement
for the year ended 31 July 2019

	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 2019									
Balance at 1 August 2018		**189,148**	**8,737**	**406,091**	**570,506**	**45,937**	**69,787**	**59,848**	**1,350,057**
Additions		**90**	**431**	**43,598**	**–**	**687**	**18,596**	**13,540**	**76,942**
Movements in rehabilitation		**–**	**–**	**4,771**	**–**	**14,960**	**1,616**	**–**	**21,347**
Acquisition of business – Bengalla rehabilitation		**–**	**–**	**–**	**35,552**	**–**	**–**	**–**	**35,552**
Acquisition of business – Bengalla		**23,952**	**–**	**172,502**	**546,476**	**17,426**	**–**	**11,699**	**772,055**
Transfers in/(out)		**–**	**108**	**3,498**	**–**	**349**	**–**	**(3,955)**	**–**
Transfers to Intangibles	11	**–**	**–**	**–**	**–**	**–**	**–**	**(61)**	**(61)**
Disposal of assets		**–**	**–**	**(288)**	**–**	**–**	**–**	**–**	**(288)**
Depreciation/ amortisation expense		**(1,611)**	**(283)**	**(57,182)**	**(45,555)**	**(4,852)**	**(7,885)**	**–**	**(117,368)**
Balance at 31 July 2019		**211,579**	**8,993**	**572,990**	**1,106,979**	**74,507**	**82,114**	**81,071**	**2,138,233**
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		(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

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 (b) for further details).

	2019 $000	2018 $000
Leasehold equipment		
Cost	**15,845**	15,845
Accumulated depreciation	**(9,416)**	(6,737)
	6,429	9,108

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 2019						
Balance at 1 August 2018		**1,818**	**17,866**	**5,926**	**32,432**	**58,042**
Additions		**54**	**–**	**–**	**–**	**54**
Acquisition of business – Bengalla	23	**69**	**–**	**6,511**	**35,000**	**41,580**
Transfer from Property, Plant and Equipment	10	**61**	**–**	**–**	**–**	**61**
Amortisation charge		**(534)**	**–**	**(433)**	**(2,313)**	**(3,280)**
Balance at 31 July 2019		**1,468**	**17,866**	**12,004**	**65,119**	**96,457**
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

CRITICAL ESTIMATE – GOODWILL IMPAIRMENT ASSESSMENT

Goodwill costs relate to the acquisition of Queensland Bulk Handling Pty Ltd (QBH) ($5,596,000) and certain coal exploration assets (the exploration assets) ($12,271,000).

The recoverable amount of the CGU to which the exploration asset goodwill is attributable has been based on FVLCD using a comparable resource transaction multiple multiplied by the resources attributable to this CGU. This assessment is determined under Level 2 of the fair value hierarchy based on observable external market data for reserve and resource transaction multiples, rather than quoted prices. Observable transactions included in the assessment of an appropriate multiple are comparable transactions in the last four years for Australian coal exploration projects with a similar 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 2018: 9%).

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. There are a number of factors which will be considered in determining the potential for successful development or sale of an exploration asset and in particular the Company will consider the key climate change risks of a project in making an investment decision.

	NOTES	2019 $000	2018 $000
Exploration and evaluation assets		**301,589**	280,301
Reconciliation			
Balance at 1 August		**280,301**	392,569
Additions		**21,286**	25,737
Movements in rehabilitation		**2**	157
Transfers to property, plant and equipment	10	**–**	(5,873)
Impairment expense	3(b)	**–**	(92,332)
Impairment expense from discontinued operations		**–**	(39,957)
Balance at 31 July		**301,589**	280,301

SIGNIFICANT JUDGEMENT AND ESTIMATES – IMPAIRMENT OF COAL EXPLORATION ASSETS

In the 2018 year, the Group determined that an indicator of impairment existed as at balance date in respect of the Colton Coal exploration project. The indicator arose as a result of the 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 was undertaken and an impairment recognised for the year ended 31 July 2018.

For the purposes of assessing impairment of the Colton exploration project, the Group 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 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 determined that it was 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 was recognised as outlined below:

	NOTE	CARRYING VALUE $000	RECOVERABLE VALUE $000	IMPAIRMENT LOSS $000
2018				
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, vesting sick leave and redundancies 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	OTHER $000	TOTAL $000
2019					
Current	**52,553**	**17,717**	**–**	**16,000**	**86,270**
Non-current	**7,323**	**208,145**	**–**	**–**	**215,468**
	59,876	**225,862**	**–**	**16,000**	**301,738**
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

A. EMPLOYEE BENEFITS

	2019 $000	2018 $000
Current long service leave obligations expected to be settled after 12 months	**17,410**	12,816

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

	NOTES	2019 $000	2018 $000
Movements			
Balance at 1 August		**167,643**	107,622
Provision capitalised/(written down)		**21,348**	49,295
Provision (debited)/credited to profit and loss		**(3,427)**	7,464
Provision arising on acquisition	10	**35,552**	–
Charged to profit and loss – unwinding of discount	17(c)	**4,746**	3,262
Balance at 31 July		**225,862**	167,643

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. There are policy change risks in particular with the growing global focus on climate change which may impact on rehabilitation obligations. 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

In the 2018 year, the Group 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 was an impairment of the assets of the Colton exploration project. It was considered that the charges associated with the WICET Agreement at that time were materially higher than previously forecast, and had a material impact on the viability of that project. As such, the Group had determined that the long term take or pay agreements associated with this project were onerous contracts.

The Group determined for the 2018 year that the lowest unavoidable cost associated with the onerous contracts was represented by a failure to fulfil the contracts. The cost to the Group of failing to fulfil its obligations under the contracts was the value of the bank guarantees which had been provided as security against the contractual obligations.

During the 2019 year, the bank guarantees issued by the Group in respect of the take or pay agreements were fully drawn and settled. As such, the lowest unavoidable costs under the contracts is considered to be nil. Additional details relating to the basis for this conclusion are outlined in note 13(d).

13. PROVISIONS (CONTINUED)

D. OTHER PROVISIONS

The Directors of NEC and Colton placed the companies into voluntary administration on 17 October 2018. The companies have subsequently been placed into liquidation. The Group has recognised a provision for $16,000,000 which it considers is the best estimate of the probable future economic outflows associated with the NEC and Colton liquidation process. There have been a number of developments during the year associated with this matter outlined below:

DEED OF CROSS GUARANTEE PROCEEDINGS

- In proceedings relating to those administrations, WICET submitted that the debts of NEC and Colton are guaranteed by the Company and certain of its subsidiaries pursuant to a DOCG. The Company denied this claim;
- On 1 February 2019, the Company and relevant subsidiaries commenced proceedings in the Supreme Court of New South Wales (Proceedings) seeking orders confirming that the Company is not bound by the DOCG in respect of the debts of certain subsidiaries including NEC and Colton. A hearing of these Proceedings occurred between 17 to 20 June 2019;
- On 12 July 2019, the Supreme Court of New South Wales concluded that the Company has not guaranteed the debts of NEC and Colton under the DOCG. On 20 August 2019, WICET filed an appeal with the Court of Appeal in New South Wales in relation to the Supreme Court's decision on the DOCG;
- If WICET's claim is upheld, the Group will be exposed to a liability of approximately $155,000,000. The Group continues to deny this claim.

ADMINISTRATION/LIQUIDATION PROCESS

- In February 2019, in proceedings relating to the administrations of NEC and Colton, WICET applied successfully to the Court for an order that special purpose administrators be appointed to investigate a transaction that NEC entered into prior to the administrations of NEC and Colton, being a corporate restructure NEC undertook in February 2016;
- In March 2019, the Company put forward a conditional binding Term Sheet in respect of a proposed Deed of Company Arrangement (DOCA) for NEC and Colton. The proposed DOCA, subject to all conditions being met, required the Company to contribute $19,000,000 into trust for the purpose of distribution to the creditors of NEC and Colton in accordance with the priorities and principles of the administration (Contribution). As the Company has a secured loan receivable of $7,060,000 from NEC (representing the amount owing at the date of administration which was impaired during the year ended 31 July 2019), the Contribution, if paid and the proposed DOCA accepted, would have in resulted $7,060,000 being paid in priority by NEC to the Company, and any and all claims by NEC or Colton against the Group (whether in respect of the DOCG, the February 2016 corporate restructure or otherwise) being released;
- On 28 June 2019, the special purpose administrators appointed to NEC and Colton provided a report on their investigations into the February 2016 corporate restructure;
- On 19 July 2019, the administrators appointed to NEC and Colton issued a Voluntary Administrators Report (the Report) in advance of the second meeting of creditors. The Report identified a number of alleged claims that may be available to any liquidators appointed to NEC and Colton, subject to the liquidators obtaining funding and conducting further investigations. If funding is obtained, further investigations are conducted and the alleged claims are pursued against the Group, the Report identifies potential exposure to the Group is between nil and $48,100,000. The claims which it is alleged may be available to the liquidators relate to two transactions:
  - The corporate restructure that NEC undertook in February 2016. The value attributed to the claims it is alleged may be available in respect of this transaction in the Report is between nil and $20,500,000;
  - A loan repayment made by Colton to the Group in 2017. The value attributed to the claims it is alleged may be available in respect of this transaction in the Report is between nil and $27,600,000.

  The Group denies these alleged claims and does not consider that it has any obligations in respect of them.
- In July 2019, the Company gave a revised DOCA proposal to NEC and Colton that was presented to the second meeting of creditors held on 26 July 2019 which included a revised Contribution of $16,000,000 however introduced a subordination of the secured loan receivable of the Company to below the claims of unsecured creditors.
- At the second creditors meeting of creditors on 26 July 2019, the creditors did not vote in favour of this DOCA and instead voted to place NEC and Colton into liquidation.

In acknowledging the ongoing matters associated with the liquidation the Company has considered its position and has determined that the proposed revised Contribution of $16,000,000 is the best estimate of the future probable economic outflows that will be incurred as a result of the NEC and Colton liquidation process. Although the DOCA has lapsed following the second meeting of creditors, the Company has not withdrawn the proposal and considers it to represent a present obligation that should be reflected as a provision.

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.

	2019 $000	2018 $000
Cash at bank and on hand	**58,827**	274,975

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% (2018 – 0% and 1.85%).

B. RISK EXPOSURE

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

15. TERM DEPOSITS

ACCOUNTING POLICY

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. Investments are carried at amortised cost using the effective interest method.

IMPAIRMENT

The Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses (ECL). Where the financial assets credit risk has not increased significantly since initial recognition, the Group will measure the loss allowance based on 12- months ECL. A simplified approach is taken to accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the lifetime ECL. In applying this simplified method, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL.

	2019 $000	2018 $000
Term deposits	**–**	205,000

The term deposits held during the year carried a weighted average fixed interest rate of 2.20% (2018 – 2.55%). 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. EQUITY INVESTMENTS

ACCOUNTING POLICY

From 1 August 2018, the Group classifies its financial assets as either subsequently measured at fair value or amortised cost and the classification is determined by the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded through profit and loss or OCI. For equity investments the Group must make an irrevocable election on initial recognition to account for any equity investment at FVOCI. At initial recognition the group measures a financial asset at its fair value plus transaction costs attributable to the acquisition (where the asset is not FVTPL). Transaction costs for financial assets that are FVTPL are expensed in the profit and loss.

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available for sale on the basis of the long term nature of the investments. As a result there was a reclassification of the available for sale financial assets to equity investments at FVOCI resulting in the change as reflected in the Statement of Changes in Equity from retained earnings to reserves as noted above.

	2019 $000	2018 $000
Listed equity securities	**723**	1,845

An irrevocable election has been made in respect of the existing equity investments held by the Group.

17. BORROWINGS

A. INTEREST-BEARING LOANS

ACCOUNTING POLICY

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.

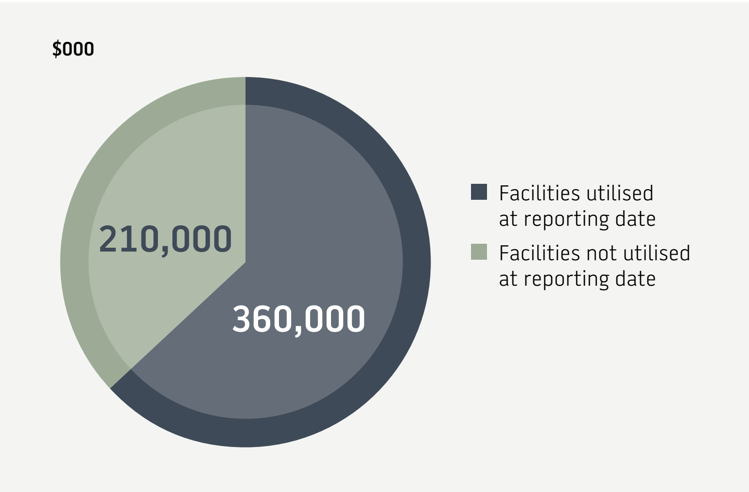
Borrowings are classified as current liabilities to the extent that the Group has no unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	2019 $000	2018 $000
Current liabilities		
Finance lease liabilities	**2,532**	2,442
Non-current liabilities		
Finance lease liabilities	**5,258**	7,790
Secured loans	**352,948**	–
	358,206	7,790
	360,738	10,232

FINANCING ACTIVITIES DURING THE PERIOD

During the current year, the Group entered into a secured loan facility with a syndicate of Australian and international banks. The initial facility was comprised of $600,000,000 drawable amortising facility and a $300,000,000 credit support facility. The secured loan facility has amortised to $570,000,000 as at 31 July 2019. The facility's drawable line for credit is for general corporate purposes and has a maturity of November 2023.

During the period, $400,000,000 of debt drawn under the facility was repaid.



	2018	CASH FLOWS	TRANSACTION COSTS	NON-CASH CHARGES AMORTISATION	2019
Lease liabilities	10,232	(2,442)	–	–	**7,790**
Secured borrowings	–	360,000	(8,436)	1,384	**352,948**
Total liabilities from financing activities	10,233	357,557	(8,436)	1,384	**360,738**

The fair value of interest bearing liabilities materially approximate their respective carrying values as at 31 July 2019.

(i) SECURED LIABILITIES AND ASSETS PLEDGED AS SECURITY

As outlined above, the secured facility holds a fixed and floating charge over all assets held by the Group (with the exception of excluded subsidiaries). The excluded subsidiaries include the following controlled subsidiaries Bridgeport Energy Limited, Bridgeport Eromanga Pty Ltd, Bridgeport (Cooper Basin) Pty Ltd, Bridgeport (QLD) Pty Ltd, Bridgeport Surat Basin Pty Ltd, Oilwells Inc of Kentucky and Oilwells Sole Risk Pty Ltd as well as previously controlled subsidiaries NEC and Colton. Lessors hold first rights in respect of leased assets.

17. BORROWINGS (CONTINUED)

B. 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.

The Group leases various plant and equipment with a carrying amount of $6,430,000 (2018 – $9,108,000) under finance leases expiring within two to three years. Refer to note 10 for further detail on these assets.

	2019 $000	2018 $000
Commitments in relation to finance leases are payable as follows:		
Within one year	**2,767**	2,767
Later than one year but not later than five years	**5,353**	8,120
Minimum lease payments	**8,120**	10,887
Future finance charges	**(330)**	(655)
Total lease liability	**7,790**	10,232
The present value of finance lease liabilities is as follows:		
Within one year	**2,532**	2,442
Later than one year but not later than five years	**5,258**	7,790
Minimum lease payments	**7,790**	10,232

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.

C. FINANCE INCOME AND EXPENSE

ACCOUNTING POLICY

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, interest expenses in relation to finance leases. All finance expenses are recognised as expenses in the period in which they are incurred unless they relate to the construction of a qualifying asset and are then capitalised. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Notes to the Financial Statement
for the year ended 31 July 2019

	2019 $000	2018 $000
Recognised in the statement of comprehensive income		
Interest income	**5,407**	5,977
Finance income	**5,407**	5,977
Interest expense on finance lease liabilities	**(325)**	(411)
Interest on drawn debt facility	**(10,440)**	–
Amortisation of transaction costs on borrowings	**(1,384)**	–
Establishment costs of bank guarantee facility	**(4,366)**	–
Commitment fees on borrowings	**(2,175)**	–
Unwinding of discount on provisions	**(4,746)**	(3,262)
Other financing costs	**472**	310
Net financing expenses	**(22,964)**	(3,363)

D. CONTINGENT LIABILITIES

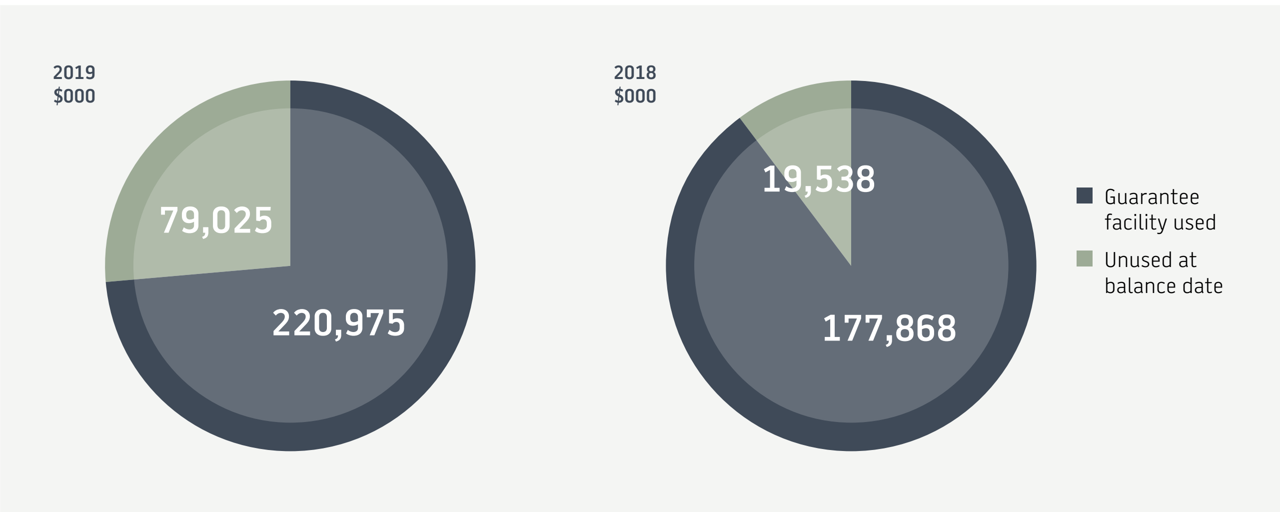
Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the accounts, are as follows:

	2019 $000	2018 $000
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.	**11,318**	10,295
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.	**13,422**	6,391
No losses are anticipated in respect of any of the above contingent liabilities.		
The parent entity has given secured guarantees in respect of:		
(i) Mining restoration and rehabilitation	**209,657**	153,457
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers, financiers and various other entities	**24,740**	30,803
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.		

Other than the above and the matters set out in note 13(d) there are no other contingent liabilities of the Group as at 31 July 2019.

LINES OF CREDIT

Unrestricted access was available at balance date to the following lines of credit available of $300,000,000 (2018 – $197,406,000):



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.

	2019 $000	2018 $000
Non current assets		
Forward foreign exchange contracts	**190**	–
Current liabilities		
Forward commodity price hedge contracts	**–**	1,517
Forward foreign exchange contracts	**10,774**	1,827
	10,774	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 foreign exchange contracts represented assets with a fair value of $190,000 (2018 – nil) and liabilities of $10,774,000 (2018 – $1,827,000). Commodity hedge contracts represented liabilities with a fair values of nil (2018 – $1,517,000). At balance date the details of outstanding contracts are:

(i) FOREIGN EXCHANGE CONTRACTS

	SELL US DOLLARS BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
MATURITY	2019 $000	2018 $000	2019	2018
0 to 6 months	**365,570**	183,219	**0.7057**	0.7510
6 to 12 months	**311,894**	85,882	**0.7022**	0.7452
12 to 18 months	**37,482**	–	**0.6937**	–
	714,946	269,101		

(ii) COMMODITY HEDGE CONTRACTS

	US DOLLAR REVENUE		US DOLLAR PER TONNE	
MATURITY	2019 $000	2018 $000	2019	2018
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 $714,946,000 (2018 – $269,101,000) was receivable relating to forward foreign exchange contracts and nil (2018 – $44,114,000) 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

	2019 $000	2018 $000
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
2018 final dividend at 8.00 cents per share – 100% franked (tax rate – 30%) (paid on 6 Nov 2018)	**66,501**	–
2019 interim dividend at 8.00 cents per share – 100% franked (tax rate – 30%) (paid on 7 May 2019)	**66,501**	–
Total dividends paid	**133,002**	99,738

B. PROPOSED DIVIDENDS

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 9.0 cents (2018 – 8.0 cents per share). The dividend is fully franked based on tax paid at 30%. The proposed dividend expected to be paid on 5 November 2019 but not recognised as a liability at year end is $74,854,000 (2018 – $66,501,000).

C. FRANKED DIVIDENDS

The franked portions of the final dividend recommended after 31 July 2019 will be franked out of existing franking credits.

Franking credits available for subsequent financial years based on a tax rate of 30% (2018 – 30%)	**556,919**	526,216

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for franking credits 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 $32,080,000 (2018 – $28,501,000).

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 28.

C. SHARE CAPITAL

	2019 NO. OF SHARES	2019 $000	2018 NO. OF SHARES	2018 $000
Issued and paid up capital	**831,266,603**	**96,315**	831,151,552	95,905

D. MOVEMENTS IN SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	$000
1 August 2018	Opening Balance	831,151,552		95,905
1 August 2018	Vesting of performance rights	115,051	$0.0000	–
31 July 2019	Transfer from SBP[1] reserve to equity	–		410
31 July 2019	**Balance**	**831,266,603**		**96,315**
1 August 2017	Opening Balance	831,070,344		95,772
1 August 2017	Vesting of performance rights	81,208	$0.0000	–
31 July 2018	Transfer from SBP1 reserve to equity	–		133
31 July 2018	**Balance**	**831,151,552**		**95,905**

1 SBP – Share based payment

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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.

F. RESERVES

	NOTES	CAPITAL PROFITS $000	EQUITY INVESTMENTS $000	REVALUATION $000	HEDGING $000	SHARE-BASED PAYMENTS $000	PREMIUM PAID ON NCI [1^] $000	TOTAL $000
At 1 August 2018		**1,343**	**515**	**27,412**	**(2,341)**	**717**	**(6,029)**	**21,617**
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9	32	**–**	**(27,861)**	**–**	**–**	**–**	**–**	**(27,861)**
Restated balance as at 1 August 2018		**1,343**	**(27,346)**	**27,412**	**(2,341)**	**717**	**(6,029)**	**(6,244)**
Transfer to retained earnings – gross	20(g)	**–**	**8,715**	**–**	**–**	**–**	**–**	**8,715**
Transfer to net profit – gross		**–**	**–**	**–**	**21,103**	**–**	**–**	**21,103**
Transfer to net profit – deferred tax		**–**	**–**	**–**	**(6,331)**	**–**	**–**	**(6,331)**
Revaluation – gross		**–**	**(696)**	**–**	**(28,342)**	**–**	**–**	**(29,038)**
Revaluation – deferred tax		**–**	**–**	**–**	**8,504**	**–**	**–**	**8,504**
		1,343	**(19,327)**	**27,412**	**(7,407)**	**717**	**(6,029)**	**(3,291)**
Transactions with owners in their capacity as owners								
Net movement in share based payment reserve	28	**–**	**–**	**–**	**–**	**724**	**–**	**724**
Transfer to contributed equity	20(d)	**–**	**–**	**–**	**–**	**(410)**	**–**	**(410)**
At 31 July 2019		**1,343**	**(19,327)**	**27,412**	**(7,407)**	**1,031**	**(6,029)**	**(2,977)**
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								
Net movement in share based payment reserve	28	–	–	–	–	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

1 NCI – Non-controlling interest.

20. EQUITY (CONTINUED)

NATURE AND PURPOSE OF RESERVES

Capital profits	This reserve represents amounts allocated from retained profits that were profits of a capital nature.
Equity investments	Changes in the fair value of equity investments are taken to this reserve. Amounts are recognised in the Statement of Comprehensive Income or transferred to retained earnings 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.

G. RETAINED PROFITS

	NOTES	2019 $000	2018 $000
Carrying amount at beginning of year		**1,770,878**	1,721,118
Net profit after income tax		**210,652**	149,498
Dividends paid	19(a)	**(133,002)**	(99,738)
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9	20(f)	**27,861**	–
Transfer to retained earnings on disposal of equity investments	20(f)	**(8,715)**	–
Carrying amount at end of year		**1,867,674**	1,770,878

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:

	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $000	HEDGING DERIVATIVES $000	AMORTISED COST $000	FAIR VALUE THROUGH PROFIT & LOSS $000	TOTAL $000
Financial assets					
2019					
Cash and cash equivalents	**–**	**–**	**58,827**	**–**	**58,827**
Trade and other receivables	**–**	**–**	**80,628**	**19,285**	**99,913**
Equity investments	**723**	**–**	**–**	**–**	**723**
Derivative financial instruments	**–**	**190**	**–**	**–**	**190**
	723	**190**	**139,455**	**19,285**	**159,653**
2018					
Cash and cash equivalents	–	–	274,975	–	274,975
Term deposits	–	–	205,000	–	205,000
Trade and other receivables	–	–	62,478	38,565	101,043
Equity investments	1,845	–	–	–	1,845
	1,845	–	542,453	38,565	582,863
Financial liabilities					
2019					
Lease liabilities	**–**	**–**	**7,790**	**–**	**7,790**
Accounts Payable	**–**	**–**	**108,701**	**–**	**108,701**
Derivative financial instruments	**–**	**10,774**	**–**	**–**	**10,774**
Secured borrowings	**–**	**–**	**352,948**	**–**	**352,948**
	–	**10,774**	**469,439**	**–**	**480,213**
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

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

	2019 USD $000	2018 USD $000
Cash and cash equivalents	**18,393**	6,070
Trade receivables	**36,975**	49,161
Forward exchange contracts – sell foreign currency (cash flow hedges)	**503,000**	201,600
Trade payables	**1,711**	1,363

(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 2019, 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 $6,054,000/($4,953,000) (2018 – $4,613,000/($5,638,000)), 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 2019, 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 $79,647,000/($65,239,000) (2018 – $24,406,000/($29,821,000)). 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 equity instruments.

The majority of the Group's equity investments are publicly traded. The impact of increases/decreases in the financial instrument on the Group's equity as at balance date is $72,000/($72,000) (2018 – $178,000/($178,000)). The analysis is based on the assumption that the equity instrument had increased/decreased by 10% with all other variables held constant.

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.

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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 25). 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.

	NOTES	2019 $000	2018 $000
Trade receivables		**99,913**	101,043
Cash at bank and short term bank deposits	14	**58,827**	274,975
Derivative financial instruments	18	**190**	–

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 secured loan facilities and finance leases detailed in note 17. The maturity of these arrangements 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 lease are fixed rate leases with a weighted average interest rate of 3.55%. 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	1,383	1,383	5,354	–	8,120	7,790

The Group's secured borrowings as outlined in note 17 are an amortising facility reducing by $30,000,000 six monthly with any final balance up to $330,000,000 at the end of the facility term being repayable in the 2 to 5 year period.

E. CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. This risk of adverse movements in floating interest rates has been considered and at this time is not deemed appropriate to actively mitigate this risk through the use of derivatives or similar products.

Group Sensitivity

If interest rates had been 2% higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 July 2019 would decrease/increase by $5,040,000.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

F. FAIR VALUE MEASUREMENTS

ACCOUNTING POLICY

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 2019 and 31 July 2018.

	LEVEL 1 $000	LEVEL 2 $000	TOTAL $000
2019			
Assets			
Derivatives used for hedging	**–**	**190**	**190**
Trade receivables – provisionally priced	**–**	**19,285**	**19,285**
Equity securities	**723**	**–**	**723**
Total assets	**723**	**19,475**	**20,198**
Liabilities			
Derivatives used for hedging	**–**	**10,774**	**10,774**
Total liabilities	**–**	**10,774**	**10,774**
2018			
Assets			
Trade receivables – provisionally priced	–	38,565	38,565
Equity securities	1,845	–	1,845
Total assets	1,845	38,565	40,410
Liabilities			
Derivatives used for hedging	–	3,344	3,344
Total liabilities	–	3,344	3,344

The fair value of financial instruments traded in active markets (such as equity investments) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by New Hope Corporation Limited is the last sale price.

The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date. The fair value of trade receivables on provisionally priced sales is determined with reference to market pricing and contractual terms at the reporting date.

22. INTERESTS IN OTHER ENTITIES

ACCOUNTING POLICY

A. SUBSIDIARIES

Significant subsidiaries include New Hope Bengalla Pty Ltd and Bridgeport Energy Limited as well as companies identified in the Deed of Cross Guarantee in note 30.

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.

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.

Joint ventures

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

Other unincorporated arrangements

As a result of the acquisition of an additional 30% interest in the Bengalla Joint Venture, the Group has identified another category of interest in other entities and provides below the updated accounting policy of that arrangement.

In some cases, the Group participates in unincorporated arrangements and has rights to its share of the assets and obligations rather than a right to a net return, but does not share joint control. In such cases, the Group recognises its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the unincorporated arrangement and its share of expenses. The Group measures these interests in accordance with the terms of the arrangement, which is usually in proportion to the Group's ownership interest. These amounts are recorded in the Group's financial statements on the appropriate lines.

Bengalla Joint Venture

A subsidiary of New Hope Corporation Limited holds a 80% interest in the Bengalla thermal coal mine in New South Wales. This is an unincorporated Joint Venture that is operated by Bengalla Mining Company Pty Ltd (BMC). BMC is proportionately owned by the participants.

23. BUSINESS COMBINATION

ACCOUNTING POLICY

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

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

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

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

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

A. SUMMARY OF ACQUISITION

New Hope Corporation Limited's wholly owned subsidiary, New Hope Bengalla Pty Ltd, increased its stake in the assets and liabilities of the Bengalla Joint Venture by 30% on 3 December 2018 and a further 10% on 25 March 2019. The 10% acquisition had an effective date of 1 December 2018. The Bengalla Joint Venture is a coal mining and extraction operation producing thermal coal in the Hunter Valley, New South Wales in which New Hope Bengalla Pty Ltd has held 40% since 1 March 2016.

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

		30% $000	10% $000	TOTAL 40% $000
Purchase Consideration (refer b below)				
Total Purchase Consideration		**645,147**	**193,275**	**838,422**
The fair value of assets and liabilities recognised as a result of the acquisition are as follows:				
Cash		**3,787**	**3,371**	**7,158**
Trade and other receivables		**13,721**	**5,239**	**18,960**
Inventories		**18,236**	**7,233**	**25,469**
Property, Plant and Equipment		**622,188**	**185,419**	**807,607**
Intangibles	11	**31,133**	**10,447**	**41,580**
Accounts payable and accruals		**(12,240)**	**(7,038)**	**(19,278)**
Provisions		**(31,678)**	**(11,396)**	**(43,074)**
Net assets acquired		**645,147**	**193,275**	**838,422**

There were no acquisitions in the prior period.

Revenue and profit contribution

The acquired business contributed revenues of $253,024,000 and profit before tax and non regular items since acquisition of $82,173,000 to the Group for the period 1 December 2018 to 31 July 2019. The anticipated increase in production and sales tonnes annually are 4,000,000 tonnes. Due to the variability in key market factors and operational variations it is considered impractical to disclose an estimated revenue and profit/(loss) assuming the acquisition had occurred 1 August 2018.

B. PURCHASE CONSIDERATION

	30% $000	10% $000	TOTAL 40% $000
Outflow of cash to acquire subsidiary, net of cash acquired			
Total cash consideration	**645,147**	**193,275**	**838,422**
Less: Balances acquired			
Cash	**(3,787)**	**(3,371)**	**(7,158)**
Outflow of cash – investing activities	**641,360**	**189,904**	**831,264**

It is noted that incidental costs of acquisition have been expensed of $47,729,000 (stamp duty $42,327,000, financial advice $4,516,000 and other costs of $886,000) and these cash flows are recognised as outflows from operating activities.

SIGNIFICANT JUDGEMENT AND ESTIMATE – ACQUISITION FAIR VALUE

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

24. DISCONTINUED OPERATIONS

ACCOUNTING POLICY

A discontinued operation is a component or subsidiary of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

A. DESCRIPTION

On 17 October 2018, two New Hope wholly owned subsidiaries, NEC and Colton were placed into voluntary administration. Effective on this date, the Group lost control over these subsidiaries. The financial information relating to the discontinued operations for the period to 17 October 2018 is set out below.

B. FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The financial performance and cash flow information presented reflects the operations for the period ended 17 October 2018 and the comparative balance for the year ended 31 July 2018.

	2019 $000	2018 $000
Revenue	**26**	134
Expenses	**(2,828)**	(53,935)
Loss before income tax	**(2,802)**	(53,801)
Income tax benefit	**–**	15,970
Loss after income tax of discontinued operations	**(2,802)**	(37,831)
Profit on loss of control of subsidiary after income tax (see (c) below)	**3,022**	–
Profit/(loss) from discontinued operations	**220**	(37,831)
Other comprehensive income from discontinued operations	**–**	–
Net cash outflow from operating activities	**(329)**	(9,940)
Net cash inflow/(outflow) from investing activities	**26**	(667)
Net cash inflow/(outflow) from financing activities	**303**	(4,016)
Net cash inflow/(outflow) from discontinued operations	**–**	(14,623)

	CENTS	CENTS
Basic earnings per share from discontinued operations	**0.03**	(4.55)
Diluted earnings per share from discontinued operations	**(0.03)**	(4.55)

C. DETAILS OF THE DISPOSAL OF THE SUBSIDIARIES

	2019 $000	2018 $000
Total consideration	**–**	–
Carrying amount of net liabilities	**(3,022)**	–
Profit before income tax	**3,022**	–
Income tax expense	**–**	–
Profit on loss of control of subsidiary after income tax	**3,022**	–

25. COMMITMENTS

A. CAPITAL COMMITMENTS

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

	2019 $000	2018 $000
Property, plant and equipment		
Within one year	**16,372**	24,022

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	**12,832**	10,359
Later than one year but not later than five years	**24,909**	22,272
Later than five years	**19,509**	24,883
	57,250	57,514

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.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Further to the disclosures regarding the status of the NAC03 project in note 10 the Company provides this subsequent events disclosure.

On 10 September 2019, the Company received the judgement from the Queensland Court of Appeal in relation to the New Acland Stage 3 project which ruled against OCAA and in favour of New Acland on groundwater and apprehension of bias. The Company is pleased with the outcome however will await final orders to be handed down in due course before assessing next steps for the project. The Group remains committed to delivering the New Acland Stage 3 project in a timely manner to ensure continuity of operations and ongoing employment in the region.

27. 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 2019 owned 50.01% (2018 – 50.01%) of the issued ordinary shares of New Hope Corporation Limited.

B. TRANSACTIONS WITH RELATED PARTIES

	2019 $	2018 $
Reimbursement of travel related expenses paid to Australian controlling entity (WHSP)	**1,010**	1,957
Payment for legal services rendered (Herbert Smith Freehills)	**135,440**	35,816
Dividends paid to ultimate Australian controlling entity (WHSP)	**66,511,427**	54,683,570
Payment for consulting services rendered (Pitt Capital Partners Ltd)	**4,956,369**	–

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.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

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 B. Armitage	Chief Development Officer	New Hope Corporation Limited
Mr A.L Boyd	Chief Operating Officer	New Hope Corporation Limited
Mr M.J. Busch	Chief Financial Officer	New Hope Corporation Limited

(iii) Key management personnel compensation

	2019 $	2018 $
Short-term employee benefits	**4,954,587**	4,221,628
Long-term employee benefits	**81,284**	76,220
Post-employment benefits	**163,481**	149,982
Share based payment	**493,290**	356,437
	5,692,642	4,804,267

Detailed remuneration disclosures can be found in the Remuneration Report on pages 37 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 2019 financial year. All transactions were on normal commercial terms.

Mr. I. M. Williams is a Director of the Company. Mr Williams is a partner in the firm Herbert Smith Freehills which provided legal services to the Group during the year. All transactions are on normal commercial terms.

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.

28.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 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 $724,000 (2018 – $355,000).

Rights

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

	2019		2018	
	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS
As at 1 August	**$2.038**	**1,586,728**	$1.885	933,424
Granted during the year	**$3.010**	**432,148**	$2.120	837,868
Lapsed during the year	**$2.120**	**(165,562)**	$1.638	(103,356)
Forfeited during the year	**$2.120**	**(153,240)**	–	–
Vested during the year	**$2.120**	**(115,051)**	$1.638	(81,208)
As at 31 July	**$2.281**	**1,585,023**	$2.038	1,586,728

The weighted average share price at the date of vesting of rights during the 2019 year was $3.19 (2018 – $1.60).

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

			SHARE RIGHTS	
GRANT DATE	VESTING DATE	VALUE OF RIGHT AT GRANT DATE	2019	2018
20 Nov 2015	1 Aug 2018	$1.083	**–**	280,613
22 Dec 2016	1 Aug 2019	$0.804	**468,247**	468,247
26 Mar 2018	1 Aug 2020	$1.232	**837,868**	837,868
29 Mar 2019	1 Aug 2021	$1.472	**278,908**	–
Total			**1,585,023**	1,586,728
Weighted average remaining contractual life of rights outstanding at end of period			**1.0 years**	1.4 years

29.PARENT ENTITY FINANCIAL INFORMATION

ACCOUNTING POLICY

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

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

A. SUMMARY FINANCIAL INFORMATION

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

	2019 $000	2018 $000
Balance Sheet		
Current assets	**542,301**	711,185
Non-current assets	**1,385,656**	934,894
Total assets	**1,927,957**	1,646,079
Current liabilities	**576,105**	476,391
Non-current liabilities	**353,650**	1,260
Total liabilities	**929,755**	477,651
Shareholders' equity		
Issued capital	**96,319**	95,905
Reserves		
Share-based payment	**1,031**	717
Retained earnings	**900,852**	1,069,836
	998,202	1,168,428
Profit/(loss) for the year	**(35,982)**	35,446
Total comprehensive income/(loss)	**35,982)**	35,446

B. GUARANTEES ENTERED INTO BY PARENT ENTITY

Bank guarantees issued in relation to rehabilitation, statutory body suppliers and various other entities	**234,397**	184,260

The parent entity has given secured 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 note 17(d).

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:

CONTROLLED ENTITIES	2019 $000	2018 $000
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.	**220,975**	163,752
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.	**13,422**	6,391

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

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

As at 31 July 2019, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling nil (2018 – nil).

30. 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 Queensland Bulk Handling Pty Ltd 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 2019 for the closed group:

	2019 $000	2018 $000
Revenue from operations	**602,676**	613,884
Other income	**3,259**	423
	605,935	614,307
Expenses		
Cost of sales	**(343,454)**	(321,094)
Marketing and transportation	**(88,544)**	(90,653)
Administration	**(12,758)**	(9,236)
Financing costs	**(21,046)**	–
Other expenses	**(21,675)**	(14,976)
Impairment of assets	**(119,332)**	(6,783)
Profit/(loss) before income tax	**(874)**	171,565
Income tax expense	**(40,204)**	(51,498)
Profit/(loss) after income tax for the year	**(41,078)**	120,067
Other comprehensive income		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	**(17,104)**	(3,816)
Transfer to profit and loss for cash flow hedges, net of tax	**6,456**	(5,083)
Other comprehensive loss for the year, net of tax	**(10,648)**	(8,899)
Total comprehensive income/(loss) for the year	**(51,726)**	111,168

30. DEED OF CROSS GUARANTEE (CONTINUED)

B. BALANCE SHEET

Set out below is a Balance Sheet as at 31 July 2019 of the closed group:

	2019 $000	2018 $000
Current assets		
Cash and cash equivalents	**50,387**	271,885
Term deposits	**–**	205,000
Trade and other receivables	**454,011**	235,652
Inventories	**61,869**	46,872
Total current assets	**566,267**	759,409
Non-current assets		
Receivables	**1,098,659**	653,850
Other financial assets	**129,477**	248,506
Property, plant and equipment	**427,634**	432,599
Intangible assets	**7,753**	8,050
Exploration and evaluation assets	**81,159**	71,316
Deferred tax assets	**60,241**	46,037
Total non-current assets	**1,804,923**	1,460,358
Total assets	**2,371,190**	2,219,767
Current liabilities		
Accounts Payable	**52,157**	65,389
Current tax liabilities	**5,817**	45,946
Provisions	**72,432**	63,851
Derivative financial instruments	**3,520**	2,512
Borrowings	**2,532**	2,442
Total current liabilities	**136,458**	180,140
Non-current liabilities		
Provisions	**148,493**	127,848
Borrowings	**358,206**	7,790
Total non-current liabilities	**506,699**	135,638
Total liabilities	**643,157**	315,778
Net assets	**1,728,033**	1,903,989
Equity		
Contributed equity	**92,302**	91,809
Reserves	**35,081**	35,429
Retained earnings	**1,600,650**	1,776,751
Total equity	**1,728,033**	1,903,989

Notes to the Financial Statement
for the year ended 31 July 2019

31.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

	2019 $	2018 $
Audit and review of financial reports and other audit work under the *Corporations Act 2001*:		
Deloitte Touche Tohmatsu (Australian firm)	**612,150**	443,750
Total remuneration for audit services	**612,150**	443,750

B. OTHER SERVICES

	2019 $	2018 $
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint operations and other unincorporated interests	**84,400**	35,400
Sustainability and other advisory services	**64,382**	29,800
Ernst & Young (Australian firm)		
Audit of joint ventures	**77,000**	38,400
Total remuneration for other services	**225,782**	103,600
Total auditors' remuneration	**837,932**	547,350

32.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 equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss on the instrument. Translation differences on non-monetary items 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.

32.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. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Group's financial statements that have been applied from 1 August 2018. The new accounting policies adopted from 1 August 2018 have been reflected in the notes to the financial statements.

AASB 9 *FINANCIAL INSTRUMENTS* – IMPACT ON ADOPTION

AASB 9 *Financial Instruments* and the related consequential amendments to other Accounting Standards are applicable to the Group effective on 1 August 2018. AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

The adoption of AASB 9 *Financial Instruments* has resulted in changes to accounting policies and adjustments to amounts recognised in the financial statements. It is noted there have been no restatements of prior period comparatives as a result of the adoption of AASB 9.

The total impact on the Group's retained earnings as at 1 August 2018 has been included in the Statement of Changes in Equity representing a transfer of previous impairment losses from retained earnings to be presented in reserves.

i) Classification and measurement

All recognised financial assets that are within the scope of AASB 9 *Financial Instruments* are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

On initial adoption at 1 August 2018, the Company has assessed the Group's existing financial assets and concluded that the initial application of AASB 9 *Financial Instruments* has had the following impact on the Group's financial assets as regards to their classification and measurement:

- The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available for sale on the basis of the long term nature of the investments. As a result there was a reclassification of the available for sale financial assets to equity investments at FVOCI resulting in the change as reflected in the Statement of Changes in Equity from retained earnings to reserves as noted above.
- The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices. The Group has confirmed that its current hedge relationships qualify as continuing hedges upon the adoption of AASB 9 *Financial Instruments* on 1 August 2018. 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.

AASB 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS* – IMPACT ON ADOPTION

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* from 1 August 2018. The Group has adopted the modified retrospective approach however there has been no change to the amounts recognised in the financial statements.

As the Group's revenue is derived primarily from the sale of coal on a free on board basis in which the transfer of the risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by AASB 15 *Revenue from Contracts with Customers*, there was no quantitative change in respect of the timing and amount of revenue the Group currently recognises. See the revenue accounting policy at note 2.

D. 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 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

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. On initial application of AASB 16 *Leases*, the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments; and
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated Statement of Comprehensive Income.

The only exceptions are short-term and low-value leases.

The Group has reviewed all the leasing arrangements in light of the changes required under AASB 16 *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. The Group does hold within these lease commitments a number of short term leases and low value assets which will be recognised on a straight-line basis as an expense in profit or loss. For the remaining lease commitments existing at the reporting date, the Group expects to recognise on Balance Sheet right-of-use assets in the region of $65,600,000, with lease liabilities of approximately $65,600,000 in respect of the initial adoption of AASB 16 *Leases* (excluding existing finance lease liabilities). Overall net assets will remain unchanged.

In modelling these scenarios, the Directors have made certain assumptions and judgements in relation to economic conditions including, but not limited to: the incremental borrowing rates, composition of the lease portfolio, and non-cancellable lease terms that may cause the actual output to differ from that concluded in 2019.

The reclassification will affect the Group's Statement of Comprehensive Income and classification of cash flows going forward. Operating cash flows are likely to increase and financing cash flows to decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. Interest costs associated with the lease liabilities will remain classified as cash flows from operating activities.

AASB 16 *Leases* is mandatory for financial years commencing on or after 1 January 2019 and the Group did not adopt the standard before its effective date. The date of first application of the standard was 1 August 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year ended 31 July 2020 upon initial adoption.

Interpretation 23 *Uncertainty over Income Tax Treatments*. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as a group, and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The Interpretation is effective for annual periods beginning on or after 1 January 2019 and the Group did not adopt the standard before its effective date. The date of first application of the standard was 1 August 2019. The directors of the Company do not anticipate that the application of the Interpretation will have a material impact on the Group's consolidated financial statements.

Directors’ Declaration

In the Directors’ opinion:

a. the financial statements and notes set out on pages 54 to 109 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 2019 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 58 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 30 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
16 September 2019

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 2019, 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 2019 and of their financial 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.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER

Carrying value of non-current assets
(refer Notes 10, 11 and 12)
 	
As at 31 July 2019 the Group has property, plant and equipment of $2,138 million, exploration and evaluation assets of $302 million, and intangible assets of $96 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.
 	
As disclosed in Note 10 to the financial statements, a specific area of management judgement during the year has been their assessment of the impact of the changes to the legal environment and timelines surrounding the New Acland Stage 3 mine lease application on the recoverability of assets associated with the Queensland Coal Mining CGU.
 	
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.
	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;
	• evaluating management's process for calculating the carrying values;
	• in relation to the Queensland Coal Mining CGU, assessing the Group's progress in 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 status of the overall mine lease application and legal processes;
	  – 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.
	• assessing the appropriateness of the disclosures in Notes 10, 11 and 12 to the financial statements.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
Rehabilitation provision *(refer Note 13)* As at 31 July 2019 the Group has provisions for mining restoration and rehabilitation of $226 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 management's 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; • evaluating management's process for calculating the rehabilitation provisions; • 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.
Provisions and contingent liabilities *(refer Note 13)* At 31 July 2019, the Group has recognised a provision of $16 million which it considers is the best estimate of the probable future economic outflows which will be incurred as a result of the Northern Energy Corporation Limited and Colton Coal Pty Limited liquidation process. Given the complexity of the liquidation processes and associated legal proceedings, the determination of the provision and the associated disclosures involves a high degree of judgement.	Our audit procedures included, but were not limited to: • obtaining an understanding of the legal considerations relevant to management's assessment and calculation of the Group's estimated future economic outflows, including holding discussions with management and the Group's legal advisors; • reading external legal advice obtained by the Group and where relevant publically available reports; • engaging our technical accounting specialists to assist with assessing the reasonableness of management's accounting position; • evaluating, including through the engagement of our taxation specialists, the reasonableness of management's assessment of any taxation consequences; 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, Chairman's Review 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). 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 and will not express any form of assurance conclusion thereon.

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

When we read the 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.

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

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.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 50 of the Directors' Report for the year ended 31 July 2019.

In our opinion, the Remuneration Report of New Hope Corporation Limited for the year ended 31 July 2019, 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, 16 September 2019

Shareholder Information
for the year ended 31 July 2019

As at 6 September 2019 there were 831,708,319 holders of ordinary shares in the Company. Voting entitlement is one vote per fully paid ordinary share.

DISTRIBUTION OF EQUITY SECURITIES [1]	NUMBER OF SHAREHOLDERS	FULLY PAID ORDINARY SHARES	NUMBER OF RIGHTS HOLDERS	ORDINARY RIGHTS
1 – 1,000	2,246	1,179,254	–	–
1,001 – 5,000	3,445	10,077,790	–	–
5,001 – 10,000	1,898	14,079,411	–	–
10,001 – 100,000	1,718	46,349,100	3	211,066
100,001 and over	124	760,022,764	4	905,710
	9,431	831,708,319	7	1,116,776
Holding less than a marketable parcel	540	49,349		

1 This table is as at 31 August 2019.

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**	49.98%
Mitsubishi Materials Corporation	**93,240,000**	11.21%

20 largest shareholders as disclosed on the share register as at 6 September 2019.

SHAREHOLDER	NUMBER OF SHARES	%
Washington H. Soul Pattinson and Company Limited	**415,696,418**	49.98%
Mitsubishi Materials Corporation	**93,240,000**	11.21%
HSBC Custody Nominees (Australia) Limited	**71,746,025**	8.63%
J P Morgan Nominees Australia Pty Ltd	**41,349,384**	4.97%
Citicorp Nominees Pty Ltd	**27,355,433**	3.29%
Farjoy Pty Ltd	**15,500,000**	1.86%
BKI Investment Company Limited	**14,815,952**	1.78%
UBS Nominees Pty Ltd	**13,709,370**	1.65%
Domer Mining Co Pty Ltd	**10,000,000**	1.20%
National Nominees Limited	**6,152,775**	0.74%
BNP Paribas Noms Pty Ltd (DRP)	**4,726,327**	0.57%
BNP Paribas Nominees Pty Ltd (Agency Lending DRP Account)	**4,130,664**	0.50%
Taiheiyo Kouhatsu Inc	**4,054,000**	0.49%
J S Millner Holdings Pty Limited	**2,209,197**	0.27%
CS Third Nominees Pty Limited (HSBC Cust Nom Au Limited 13 Account)	**2,176,793**	0.26%
Brazil Farming Pty Ltd	**1,683,077**	0.20%
Dixson Trust Pty Limited	**1,295,596**	0.16%
Milton Corporation Limited	**1,290,107**	0.16%
HSBC Custody Nominees (Australia) Limited GSCO ECA	**1,258,095**	0.15%
Neale Edwards Pty Ltd	**1,037,000**	0.12%
	733,426,213	88.19%

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	**1,116,776**	7

Glossary

ACRONYM	MEANING
AASB	Australian Accounting Standards Board
Acland Pastoral	Acland Pastoral Company Pty Ltd
APC	Acland Pastoral Company
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 Pty Ltd
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating units
CODM	Chief Operating Decision Maker
Colton	Colton Coal Pty Ltd
COO	Chief Operating Officer
DES	Department of Environmental Science
DOCA	Deed of Company Agreement
DOCG	Deed of Cross Guarantee
EA	Environmental Authority
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECL	Expected credit losses
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*

Glossary

ACRONYM	MEANING
FVLCD	Fair value less cost to dispose
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GST	Goods and Services Tax
ha	Hectare
HELE	High Efficiency Low Emission
HRRC	Human Resources and Remuneration Committee
IASB	International Accounting Standards Board
IFRIC	International financial reporting interpretations committee
IFRS	International Financial Reporting Standards
JORC	Joint Ore Reserves Committee
KMP	Key management personnel
KPI	Key performance indicator
LTI	Long-term incentives
LTI	Lost time Injury
M	Million
MD	Managing Director
ML	Mining leases
Mt	Million tonnes
mtpa	Million tonnes per annum
NAC03	New Acland Stage 3 Project
NCI	Non-controlling interest
NEC	Northern Energy Corporation Limited
NHCL	New Hope Corporation Limited
OCAA	Oakley Coal Action Alliance
OCI	Other comprehensive income
PRM	Personal Risk Management

Glossary

ACRONYM	MEANING
PRMS	Petroleum Reserves Management System
PRRT	Petroleum Resource Rent Tax
QBH	Queensland Bulk Handling
SBP	Share based payment
SPE	Society of Petroleum engineers
STI	Short-term incentives
TCFD	Taskforce on Climate related Financial Disclosures
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
WACC	Weighted average cost of capital
WHSP	Washington H. Soul Pattinson and Company Pty Ltd
WICET	Wiggins Island Coal Export Terminal

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.
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.
Culgowie	EPC1205	Surat Basin	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 at the end of 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 Acland 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.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Taroom	MDL158 MDL275	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.
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	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	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.
OIL & GAS			
Cuisinier	PL 303/PL 1028	Eromanga	64 km^2/12 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 3,526 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 5,525 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 3,476 bopm.
Bodalla South	PL 31	Eromanga	258 km^2. Bodalla South is producing at around 5,209 bopm.

Tenements

PROJECT NAME	TENEMENT ^	BASIN	DESCRIPTION
Kenmore	PL 32	Eromanga	258 km^2. Kenmore is producing at 6,027 bopm.
Black Stump	PL 47	Eromanga	28 km^2. Black Stump is producing at 579 bopm.
Marcoola/Coolum/ Byrock	PLs 482/483/484	Eromanga	30 km^2. These fields are producing at 647 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	1,606 km^2 in area. This production project is operated by Santos. Bridgeport's 2% holding netted 3993 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.
Jundah	ATP 736 ATP 737 ATP 738	Cooper-Eromanga	6,400 km^2 – Bridgeport holds 100% of these exploration permits, following a purchase of 55% from Senex. Technical studies to assess the oil and gas potential of these Cooper Basin tenements are progressing.
Barcoo Block	ATP 2025/ PCA 186/195 ATP 2026/ PCA 187-194	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 trend that is the subject of a 100 line km 2D seismic survey.
Naccowlah Block	ATP 1189	Eromanga	314 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.
Morney	ATP 2022	Cooper-Eromanga	441 km^2 – Adjacent to the Inland oil field. Granting of ATP 2022 is subject to Ministerial approval.
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.

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
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 3257 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^2/153 km^2. ATP 608 contains the Rookwood oil field, which produced oil on extended test prior to being shut-in by the prior operator.
Donga	ATP 805/PCA 161	Surat	152 km^2 – ATP 805 contains the Donga oil field, which produced oil on test prior to being shut-in by the previous operator.
Boxvale	PL 15 FO	Surat	259 km^2. Bridgeport holds 25% of this non-producing petroleum lease, which is operated by AGL.
	ATP 2036	Surat	299 km^2. This tenement, located adjacent to the Cabawin field, was granted in June 2019.
Digby	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.

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