



NEW HOPE
GROUP
ABN: 38 010 653 844

2015 ANNUAL REPORT & FINANCIAL STATEMENTS



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NEW HOPE CORPORATION LIMITED AND CONTROLLED ENTITIES CORPORATE DIRECTORY

DIRECTORS

Robert D. Millner

Chairman of Directors

Todd J. Barlow

Non Executive Director

David J. Fairfull

Non Executive Director

William H. Grant

Non Executive Director

Sue J. Palmer

Non Executive Director

Ian M. Williams

Non Executive Director

MANAGING DIRECTOR

Shane O. Stephan

COMPANY SECRETARY

Justin W. Hogg

AUDITORS

Deloitte Touche Tohmatsu

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CHAIRMAN'S REVIEW



Dear Shareholders,

Over the past year your company has outperformed its peers in what has been the most challenging coal market in over a decade. I am pleased to report that New Hope Corporation has achieved an increased net profit before non-recurring items for the financial year ended 31st July 2015 of \$51.7m up 24% on the 2014 year. The board decided to impair certain oil, gas and coal to liquids investments totalling \$ 73.6m post tax resulting in a loss after tax and non-regular items of \$21.8m for the year ended 31 July 2015.

Non-cash significant items impacting the 2015 result include the following impairments:

- Oil producing assets due to low oil prices and impacts on reserves \$36.0m after tax
- Coal to liquids facility due to lack of commercial application \$17m after tax
- Mark to market of shares in IGas and Planet Gas \$17.6m after tax
- Goodwill related to oil producing assets \$4.2m
- A gain on disposal of Dart Energy Limited shares was recognised of \$1.2m after tax

Net cash inflow from operating activities increased 38% to \$88.5m for the financial year ended 31st July 2015. This is an outstanding result considering that revenues declined by \$43.2m to \$505.8m for the year due to low coal prices.

Financial Performance

The strong operations performance was driven by a staff conscious of the importance of tight cost management consistent with the principle of Safe Production. Cash generation in the business was strong with EBITDA before non-regular items of \$132.7m up 17% on 2014. Although the Newcastle thermal coal benchmark coal price declined by 12.8% in US dollar terms over the past year (from US\$69.02 per tonne to US\$60.20 per tonne) careful cost control combined with the recent significant decline in the A\$:US\$ exchange rate has led to the improved profit performance. The management team made difficult cost cutting initiatives during early 2014 however these decisions have proven timely and necessary given the sustained decline in coal markets during the past year.

Bridgeport Energy, in common with other oil production companies, was impacted by the significant drop in oil price during the year achieving a loss of \$2.3m before non-regular items, after non-regular items Bridgeport reported a net loss of \$42.5m.

New Hope maintains its enviable record of dividend payment to shareholders. Directors have declared a final dividend of 2.5 cents per share (2014 – 2.0 cents per share) and a special dividend of 3.5 cents per share (2014 – 3.5 cents per share). Both of these dividends are fully franked and payable on 3 November 2015 to shareholders registered as at 20 October 2015.

Significant Milestones

Leadership and accountability functions across both the New Acland and West Moreton coal operations were combined during 2014 and the operational management team has excelled whilst taking on this increased responsibility. Improvements in our safety performance during the past year were encouraging and will continue to be a focus into the future.

During the year QBH, New Hope Corporation's 100% owned coal terminal at the Port of Brisbane, exported 7.1 million tonnes of coal on 89 vessels despite the difficult market conditions imposed on QBH's customer base.

Bridgeport continued to progress organic growth in its exploration and production portfolio. Planning is underway for significant investment in 3-D Seismic programs on exploration areas in order to identify drill targets to revisit the following year and workovers will be undertaken on selected production wells during the year in order to increase production flow rates. A number of potential asset acquisitions are being evaluated which have the potential to add materially to Bridgeport's production base.

The acquisition of three projects in the North Surat during the past year from Cockatoo Coal and Mitsui in combination with our existing Elimatta project provides the company with options to develop significant thermal coal production capacity located close to the coast once market demand for high quality thermal coal improves.

The revised New Acland Coal Mine Stage 3 Project continued to progress with the Environmental Impact Statement submitted to the Queensland Office of the Coordinator- General receiving conditional approval late in calendar 2014. The Queensland Department of Environment and Heritage Management provided the draft Environmental Authority to the project on 31st August 2015. It is anticipated that a Land Court process will follow during calendar 2016. It is important that the mining lease is granted during mid 2016 to ensure continuity of production and therefore employment for our employees at Acland past 2018. The New Acland Mine has robust support within the region as evidenced on the 15th of March this year by over 800 people walking through the town of Oakey in support of the project. The revised Stage 3 project would provide direct employment

for 435 people with an economic contribution to south east Queensland of \$300m, \$100m of that going into the Darling Downs region alone. The Stage 3 Project will extend the life of the current operation through to 2029, delivering significant economic and social benefits to the regional and greater economy.

Sustainability

We listen to our stakeholders and treat others as we expect to be treated ourselves. We have a core value of integrity throughout our business which is exhibited through being trusted to do the right thing in relationships within the community. New Hope understands that our operations must work hand in hand with our local communities as a good neighbour and a respected partner. This is achieved through genuine engagement, interaction and support. Importantly, our employees are also locals, with more than 80% of our people living and contributing to the communities in the vicinity of our operations.

We acknowledge our operations have environmental impacts and work tirelessly through our Acland Pastoral Company to rehabilitate the disturbed land to very high standards. Our extensive rehabilitation efforts at Acland and West Moreton, and associated cattle grazing trials, have drawn wide interest and acclaim. We seek to continue to grow the operations of the Acland Pastoral Company as a sustainable and profitable part of our business concentrating on cattle breeding and grazing.

As an organisation we exhibit resilience through striving to achieve long term sustainability by navigating through change and uncertainty.

Our People

Your board, management and all employees at New Hope believe in the principle of Safe Production. We share a mutual responsibility to prevent harm and promote wellbeing. The safety improvement program "I-Safe / We-Safe" has been implemented with significant success across our business. High potential incidents are down 43% from this time last year and we have significantly reduced workplace injuries at our operations. Our staff created and implemented innovations which improved safety whilst concurrently making work easier at both our Jeebropilly and Acland operations. Two such innovations received recognition at the Queensland Mining Industry Safety and Health Innovation Awards and our Health Program at Acland was a finalist in the Queensland Worksafe Awards. Our subsidiary, QBH Pty Ltd, the operator of the coal terminal at the port of Brisbane, recorded over three years lost time injury free during the past year. Safety is a value we all share at New Hope.

Outlook

Last year's outlook commentary proved correct in that 2015 was another tough year for the coal industry however the forecast decline in the value of the Australian dollar did provide some assistance and this is likely to continue into the 2016 year.

Globally most coal producers are reporting significant operating losses or at best significantly reduced profit. Seaborne export tonnages of thermal coal are reducing with exports from Indonesia, the world's largest exporter of thermal coal, into China down almost 50% year to date. Current pricing will not incentivise the investment required to maintain current production levels let alone meet long term future demand. Your company will continue to maintain a strong balance sheet whilst it exercises its ability to grow through acquisition as well as continuing to invest in our current projects.

From reading media reports over the past year one could be excused for thinking that coal did not have a future. Your board and management have heard such commentary before. During the late 1990's and early 2000's coal and mining generally was seen as part of the "old economy" without an attractive future for investors. The following decade proved to be exceptionally profitable for our company as we took a long term view that Asia requires enormous growth in energy in order to meet the demands of its rapidly urbanising population. This long term trend has not abated and although renewable energy sources will grow at a fast rate, coal will remain a primary energy source for electricity generation demands in Asia. The use of high quality Australian thermal coal in combination with the latest technology in coal power plants can significantly reduce the amount of carbon emissions per unit of energy produced. Coal remains significantly cheaper than alternative sources of energy production into northern Asia and will remain a primary energy source for electricity production for many decades to come.

Conclusion

I would like to thank my board colleagues for their efforts and commitment during the year. In particular I thank Mr Peter Robinson for his long service as a director of the company. Peter joined the board on 25th August 1997 and retired on 31st March 2015, over 17 years of service. Following Peter's retirement Mr Todd Barlow was appointed to the board on 22nd April 2015. I also announce that Mr David Fairfull shall be retiring from the board at the next Annual General Meeting planned for the 19th November 2015. David joined the board of New Hope on the 25th of August 1997 and will have provided over 18 years of service to the company upon his retirement. It is exceptionally rare for directors to provide such long and valued service as Peter and David. On behalf of the company I thank them most sincerely for their exceptional efforts over their many years of service and wish them both the best in their future endeavours.

I would also like to thank the management and staff of the company for their hard work in a challenging market and congratulate them on their success. Cognisant of the current stage of the coal price cycle, both the board and management have undertaken appropriate restraint of their fees and salaries. Finally I would like to thank you, the shareholders, for your continued support.

R D Millner
Chairman

FINANCIAL SUMMARY

	2015	2014	2013	2012
	\$000	\$000	\$000	\$000
Total revenue	505,781	548,959	652,097	767,525
Profit before tax	(24,709)	71,047	121,984	198,819
Income tax and petroleum resource rent tax expense	2,888	(12,598)	(47,856)	(31,694)
Profit after tax	(21,821)	58,449	74,128	167,125
Loss attributable to minority interests	(1)	(1)	(1)	(1)
Net profit attributable to NHCL members	(21,820)	58,450	74,129	167,126
Profit after tax from continuing operations	(21,821)	58,449	74,128	167,125
Total assets employed	2,075,158	2,185,842	2,268,564	2,459,419
Shareholders' funds	1,852,625	1,973,859	2,016,456	2,252,916
Dividends paid during the financial year	78,944	132,928	257,466	215,871

	2015	2014	2013	2012
Weighted average shares on issue	830,999,449	830,836,913	830,551,140	830,335,876
Net profit attributable to NHCL members as a % of shareholders' funds	-1.18%	2.96%	7.42%	21.26%
Earnings per share (cents)	(2.6)	7.0	8.9	20.1
Earnings per share (cents) from continuing operations	(2.6)	7.0	8.9	20.1
Normal dividends per share (cents)	6.50	8.00	11.00	11.00
Special dividends per share (cents)	3.50	3.50	5.00	20.00
Net tangible asset backing per share (cents)	220.56	234.55	239.66	268.80

DIRECTORS' REPORT

31 JULY 2015

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 D.J. Fairfull
 Mr W.H. Grant
 Ms S.J. Palmer
 Mr I.M. Williams

Mr T.J. Barlow was appointed as a Director on 22 April 2015

Mr P.R. Robinson was a Director until his retirement on 31 March 2015.

Consolidated results	2015 \$000	2014 \$000	% Change
Revenue from operations	505,781	548,959	- 7.9%
Profit before income tax (before non regular items)*	71,578	53,665	+ 33.4%
Gain on sale of Westside Corporation Limited	-	17,133	
Gain on sale of Quantex	-	249	
Gain on sale of Dart Energy Limited	1,151	-	
Impairment of coal to liquids facility	(24,267)	-	
Impairment of oil producing assets	(51,456)	-	
Impairment of goodwill	(4,157)	-	
Impairment of IGAS and Planet Gas shares	(17,558)	-	
Profit/(loss) before income tax (after non regular items)	<u>(24,709)</u>	<u>71,047</u>	- 134.8%
Profit from ordinary activities after income tax (before non regular items)*	51,749	41,490	+ 24.7%
Gain on sale of Westside Corporation Limited	-	16,710	
Gain on sale of Quantex	-	249	
Gain on sale of Dart Energy Limited shares	1,151	-	
Impairment of coal to liquids facility	(16,987)	-	
Impairment of oil producing assets	(36,019)	-	
Impairment of goodwill	(4,157)	-	
Impairment of IGAS and Planet Gas shares	(17,558)	-	
Profit/(loss) from ordinary activities after income tax (after non regular items)	<u>(21,821)</u>	<u>58,449</u>	- 137.3%
Non-controlling interests	<u>(1)</u>	<u>(1)</u>	
Profit/(loss) attributable to New Hope Shareholders	<u>(21,820)</u>	<u>58,450</u>	
Basic earnings per share (cents) (before non regular items)*	6.2	5.0	+ 24.7%
Gain on sale of Westside Corporation Limited	-	2.0	
Gain on sale of Dart Energy Limited	0.1	-	
Impairment of coal to liquids facility	(2.0)	-	
Impairment of oil producing assets	(4.3)	-	
Impairment of goodwill	(0.5)	-	
Impairment of IGAS and Planet Gas shares	(2.1)	-	
Basic earnings per share (cents) (after non regular items)	<u>(2.6)</u>	<u>7.0</u>	- 137.5%

* 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.

Principal activities

The principal continuing activities of the Group consisted of:

- Coal mining - exploration, development, production and processing;
- Oil and gas - exploration, development, production and processing;
- Marketing and logistics; and
- Investments.

Dividends paid to members during the financial year were:	\$000
• A final dividend for the year ended 31 July 2014 of 2.00 cents per share paid on 4 November 2014	16,619
• A special dividend for the year ended 31 July 2014 of 3.50 cents per share paid on 4 November 2014	29,085
• An interim ordinary dividend for the year ended 31 July 2015 of 4.0 cents per share paid on 5 May 2015	33,240

In addition to the above dividends, since the end of the financial year, the Directors have declared a final ordinary dividend of 2.5 cents per share and a special dividend of 3.5 cents per share. Both of these dividends are fully franked, to be paid on 3 November 2015 out of retained profits at 31 July 2015, the record date for such dividend to be 20 October 2015. This will provide shareholders of New Hope with total dividends for the year of 10.0 cents per share (4.0 cents interim) compared with total dividends for the 2014 year of 11.50 cents per share, including a special dividend of 3.5 cents per share.

Operating and Financial Review

New Hope Corporation Limited (the Company) has reported a net profit after tax and before non regular items of \$51.7 million for the year ended 31 July 2015. The result comprises profit of \$26.0 million from coal mining, marketing and logistics operations; loss of \$2.3 million from oil operations and profit of \$28.0 million from investments. The result is up 24.7% on the 2014 result of \$41.5 million.

After non regular items the Company reported a net loss after tax of \$21.8 million for the year ended 31 July 2015. The result comprises profit of \$9.0 million from coal mining, marketing and logistics operations; loss of \$42.4 million from oil operations and profit of \$11.6 million from investments. The result is down 137.3% on the 2014 result of \$58.4 million.

During the year the company generated a positive cash operating surplus of \$95.4 million, interest revenue of \$38.4 million from Held to maturity investments (term deposits) and \$8.6 million from sale of investments in shares of Westside Corporation Limited in 2014.

Before non regular items, basic earnings for 2015 were 6.2 cents per share, compared to 5.0 cents per share in 2014. After non regular items basic earnings were (2.6) cents per share for 2015 against 7.0 cents in 2014.

Directors have declared a final dividend of 2.5 cents per share (2014 – 2.0 cents per share) and a special dividend of 3.5 cents per share (2014 – 3.5 cents per share). Both of these dividends are fully franked and payable on 03 November 2015 to shareholders registered as at 20 October 2015.

Compared to the previous corresponding period, the 2015 full year result was affected by:

- Improved health and safety performance across all operations;
- Lower costs across all operational sites and the corporate office;
- Improved operational cashflows, up \$24.1 million on 2014 or 37.5%;
- Higher clean coal production (up 2.0%);
- Lower coal sales volumes, including trade coal sales (down 3.0%);
- Lower revenues from continuing operations (down 7.9%); and
- A non regular impairment on oil producing tenements and the coal to liquids proof of concept plant.

Mining operations

Production for the year was 5.7 million tonnes compared to the 5.6 million tonnes produced during 2014. New Acland and Jeebropilly production was up a combined 2.0% on 2014 production.

Sales for 2015 were 5.8 million tonnes (inclusive of trade coal sales of 0.1 million tonnes), which was below the 6.0 million tonnes sold in 2014 (inclusive of trade coal sales of 0.3 million tonnes).

New Acland Coal Mine

The New Acland open cut mine produced 5.1 million tonnes of product coal in 2015. This was an increase of 0.2 million tonnes compared to 2014. Production was somewhat hampered by unexpected geological impacts that reduced the quality of available coal to be mined.

New Acland achieved significant and sustained improvement in industry recognised safety performance indicators over the past year with the I-Safe/We-Safe safety behavioural program providing continued positive results. New Acland employees also actively participated in several Health and Wellness Program initiatives introduced during the year, including nearly 50% employee participation in a formal weight loss challenge.

Key activities undertaken in 2015 have included:

- Continued cost reduction and productivity enhancing initiatives including double benching, fuel additive and direct washplant feed trials and reductions in contractor, consumable, water and electrical costs. Free on rail unit costs were reduced by over 9% year on year;
- Implemented new production workforce roster to assist in minimising noise delays and provide productivity gains;
- Loading unit and truck productivity increases achieved across the majority of the fleet;
- Completed a successful Wirtgen 4200 Surface Miner trial resulting in the purchase of this machine;

- Investigations and solutions sought to overcome unexpected coal losses from geological issues associated with weathering and volcanic impacts;
- Results released from stage 2 of scientific cattle grazing trials comparing the productivity, economic viability and sustainability of beef production of previously mined and unmined land showing rehabilitated land outperformed unmined land;
- Planting of approximately 3,540 trees of (5,000 allocated) and shrubs in the ongoing revegetation, biodiversity and conservation program;
- New Acland Community Reference Group continued to provide opportunities for community engagement and allocating funds through the Community Infrastructure Fund to local community projects;
- New Acland hosted numerous site tours for community, business and industry groups, as well as representatives from educational, environmental and agricultural organisations; and,
- New three year Enterprise Agreement finalised.

West Moreton operations, comprising Jeebropilly Mine plus New Oakleigh and Chuwar rehabilitation sites, produced 0.7 million tonnes of product coal in 2015 which was similar to the production volumes in 2014.

Key activities at West Moreton in 2015 included:

- Continued cost reduction initiatives including a fuel additives trial, optimisation of contract blasting and reductions in labour, contractor, consumable and freight costs. Free on rail unit costs were reduced by over 15% year on year;
- Continued integration of all coal operations following an organisational review completed in May 2014;
- Mine plan revisions that optimised the mine with current market conditions;
- Opening and first coal from Underpass Pit at Jeebropilly; and,
- Continued rehabilitation of the New Oakleigh and Chuwar sites with further work planned and/or finalised in FY16.

Queensland Bulk Handling (QBH)

QBH, New Hope Corporation's 100% owned coal terminal at the Port of Brisbane, exported 7.1 million tonnes of coal on 89 vessels. This result was down on last year by approximately 770,000 tonnes, predominantly caused by the closure of Peabody's Wilkie Creek mine and resultant reduction in throughput, however revenues were supported by the take or pay contract. QBH remains essentially a demurrage free port.

Key activities at QBH in 2015 have included:

- 38 months Lost Time Injury (LTI) free safety milestone achieved;
- Continuation of engineering and other studies required for upgrades of existing infrastructure and to allow for future expansion potential; and,
- Targeted business improvement programs aimed at reducing costs and improving operational efficiencies through improved technologies were commenced with several key stages completed.

New Hope Exploration and Development Projects

New Hope continues an active exploration program utilising the company's two drilling rigs. Exploration activities during 2015 focussed on resource definition in the Bowen Basin and Surat Basin (MDL244 for the revised New Acland Coal Mine Stage 3 Project) as well as Colton in the Maryborough Basin. Exploration on the mineral tenures has been focused on the eastern edge of the Mount Isa block and the Laura Basin.

The drilling operations were supported by seismic, aeromagnetic, gravity, electro-magnetic and geochemical surveys. The drilling program consisted of 24 water monitoring bore holes, 133 open holes and 71 core holes totalling 17,335 metres. The current group Resources and Reserves are tabled below.

		Coal Resources (million tonnes)				
		(Coal resources are inclusive of the reserves reported below)				
Deposit	Status	Inferred	Indicated	Measured	2015 Total	2014 Total
New Acland ¹	Mine	56	220	423	699	832
Ownaview	Exploration	-	-	-	-	157
West Moreton*	Mine	-	-	-	-	127
Lenton ²	Exploration	524	134	83	741	741
Bee Creek	Exploration	-	-	-	-	104
Elimatta *	Exploration	73	105	108	286	259
Yamala ³	Exploration	187	39	14	240	223
Maryborough	Exploration	60	16	-	76	76
Collingwood*	Exploration	94	139	43	276	-
Taroom ⁴	Exploration	126	149	158	433	-
Woori ⁴	Exploration	-	-	84	84	-
Ashford ⁵	Exploration	5	8	-	13	13
		1,125	810	913	2,848	2,532

Notes:

- 1 Mining has depleted 3mt from Proven Reserves for the period of Apr15-Jul15 inclusive. Resources have mainly been reduced by exclusion of resources for the township of Acland and Lagoon Creek and depletion
- 2 Figures shown are 100% of total resources. New Hope share is 90%.
- 3 Figures shown are 100% of total resources. New Hope share is 83%.
- 4 The competent person responsible for the original ASX report, released to the ASX on 31 October 2013 and available on the ASX announcement platform, was Dr Oliver Holm.
- 5 Figures shown are 100% of total resources. New Hope share is 50%.
- 6 * denotes the Resource estimations that have been reviewed against and have followed the 2012 JORC Code, all other resource estimations are scheduled to be reviewed against and follow the 2012 JORC Code.

Deposit	Status	Coal Reserves (million tonnes)			
		Probable	Proved	Total 2015	Total 2013
New Acland ¹	Mine	121	289	410	441
Lenton ²	Exploration	31	21	52	52
Elimatta	Exploration	29	96	125	139
Maryborough (Colton)	Exploration	11	-	11	11
Total		192	406	598	643

Notes:

- 1 Mining has depleted 3mt from Proven Reserves for the period of Apr15-Jul15 inclusive. 122Mt of Reserves are located outside of an MLA, which could be influenced by strategic cropping land legislation.
- 2 Figures shown are 100% of total reserves. New Hope share is 90%.
- 3 New Acland and Elimatta Reserves comply with the 2012 JORC Code. Lenton and Maryborough will be updated to conform to this code in due time.

JORC Declaration - Coal Resources

The estimates of coal resources herein have been prepared in accordance with the guidelines of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code. These resources are inclusive of the reserves reported in the Reserves Statement. The work has been undertaken internally and reviewed by Mr Patrick Tyrrell who is a Member of AusIMM. Mr Tyrrell has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Tyrrell consents to the inclusion in this report of the matter based on this information in the form and context in which it appears.

JORC Declaration – Coal Reserves

The information in this Coal Reserves Statement that relates to coal reserves is based on information compiled by Mr Brett Domrow, who is a Member of AusIMM. Mr Domrow is a full time employee of the company. Mr Domrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2012 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Domrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details of the 2015 exploration program and development projects including approvals (mining and environmental) are as follows:

New Acland

19 water monitoring bore holes, 116 open holes and 68 core holes were drilled during the year totalling 14,232 metres. This allowed improved resource definition for the current operation and the revised New Acland Coal Mine Stage 3 Project.

The Environmental Impact Statement (EIS) process was completed in late 2014 with additional information to the EIS submitted to the Coordinator-General and released for public comment. The project received conditional approval from the Coordinator-General on 19 December 2014. During early 2015 the Combined Public Notice of Application for Mining Lease and amendment of Environmental Authority was published and a number of objections to the Mining Lease and amendment to the Environmental Authority were received by the Department of Natural Resources and Mines. Objections are expected to be referred to the Land Court for determination in late 2015. State and Federal approvals are expected during 2016.

Since the end of the financial year the Department of Environment and Heritage Protection has approved the Environmental Authority for the project.

New Hope has been working closely with the State Government reviewing its entire Darling Down tenures. A relinquishment program of the non-prospective tenures has been commenced.

Colton

Exploration focused on ground water studies across the project and re-correlating the seams across the deposit. The initial review suggests some additional coal seams will be added to the model and renaming of some seam/plies will be required. On completion of the seam/ply correlation work the area will be remodelled and geostatistics will be undertaken to allow the project to be reported under the 2012 JORC code.

The Mining Lease Applications and the draft Environmental Authority for the project were advertised for public comment in September and October 2014. A number of objections were received which are currently the subject of Land Court hearings. Further Land Court hearings are expected to be held during 2016.

Bee Creek (EPC777)

The first round of site reconnaissance and cultural heritage surveys was conducted at Bee Creek in preparation for drilling activities. Twenty one boreholes, (18 chip and 3 core holes) with a combined total depth of 3,276 metres were drilled to target the Rangal Coal Measures (RCM) sub-cropping on the eastern and western edge of the Hail Creek Syncline.

A review and reprocessing of some of the historic seismic data identified the data is imaging the top of the Rangal Coal Measures at shallow depths (up to 37.5m). The dip of the coal seams appear to be shallower than predicted, indicating the possibility of more economic resources than originally anticipated.

North Surat Projects

Work has commenced on the integration of all data acquired from Cockatoo Coal Pty. Ltd. To build the geological database for the recently acquired North Surat projects, a review of the current models has shown they are technical sound. New geological models will be run once the new databases are complete. JORC resources have been reported for Collingwood to the 2012 JORC code. Updated JORC reports for Woori and Taroom have commenced and are expected to be finalised during the 2016 financial year.

Project development work on the Elimatta project has continued during 2015. Following acceptance of the Project EIS in 2014 an updated Environmental Management Plan was prepared and presented in June 2015. A draft Environmental Authority for the Project was pending at year end.

Yamala (EPC927 and EPC1082)

The drilling results of the recent successful exploration program confirmed simple Rangal geology and will guide a change in the Mineral Development Lease Application (MDLA). The new MDLA will be larger and encompass the shallower and Southern area seams.

Moonamarra (EPM 18589)

Results from the additional drilling program that was designed to follow up on the previous 4 hole program also showed mineralisation. A program will be developed to better understand the structural control on the mineralisation.

Dobi (EPM19863)

Two small gravity grids were surveyed and trial Audio-magnetotellurics (AMT) and Mobile Metal Irons (MMI) surveys carried out to assist in the development of future drilling targets.

Courtenay and Courtenay West (EPM 18581 and EPM 19581)

The drill hole program was technically successful encountering visible mineralisation in 1 of the 2 holes. An induced polarisation survey is proposed to better delineate three gravity anomalies ahead of the next drilling program.

Laura (EPM 19342)

A MMI infill sampling was carried out along the Cape York Development road to assist in the development of potential drill targets. An aeromagnetic survey is planned to facilitate more precise drill hole placement of the targets across the tenure. The survey data will facilitate the remodelling of the regional magnetics for a drill program to be developed.

Yanko / Sherwood (EPM18582 & EPM1859)

Exploration has failed to identify any economic mineralisation. Both EPM's have been relinquished.

Lenton (EPC 766, EPC 865, EPC1675 and ML 70337)

Exploration throughout the period focused on ground water studies across the project. The previously collected 3D seismic data has been incorporated into the Lenton geological model. Further drilling is expected to be planned to further explore the shallow multiple seam repeats.

Field work at the Lenton Coking Coal Project over the 2014/15 period was limited, and consisted of completing ongoing groundwater monitoring for the purposes of the EIS.

The Final Terms of Reference for MLA 70456 were received in June 2014.

The geological model has been progressively worked on, revising the structural information obtained from the latest round of drilling and 3D seismic work that was completed. New information is also being incorporated into the coal quality model. The project economics and mine plan options are being reviewed periodically in light of the changing market conditions.

Carbon Conversion Projects

Jeebropilly Coal to Liquids Proof of Concept Plant

Commissioning of the coal gasification processes and the gas generator were completed early in the year. Following the commissioning process a detailed technical and commercial review of the plant was undertaken which identified the following key findings:

- The proof of concept plant is able to produce high quality synthesis gas (syngas) using Jeebropilly coal as the feedstock;
- The syngas is able to be treated and stored and then used to generate electricity via a gas engine;
- Gas yields derived from the low temperature (relative to most commercial scale coal gasification plants) coal pyrolysis process were significantly lower than estimated by the initial modelling;
- Given the low gas yields it is not commercially viable to install the necessary equipment to generate liquids from the syngas produced;
- In a lower oil price environment coal to liquids is not competitive with conventional oil based products;
- Some equipment modifications would need to be made to the proof of concept plant in order to reliably produce syngas from coal on an ongoing basis; and,
- At the lower than expected gas yields a number of potential by products were evidenced in the process.

As a result of this review a decision was taken to abandon plans to install the liquefaction circuit and the focus turned to the investigation of alternative products able to be produced from the proof of concept plant.

This investigation of alternative products was commenced and is ongoing. This investigation is focussed mainly on high value solid carbon products such as activated carbon. Whilst this work is yet to reach a conclusion it has become evident that the carrying value of the proof of concept plant was greater than the current foreseeable economic value of the plant and as such the decision was taken to impair the carrying value of the asset. Work during 2016 will focus on realising the best possible commercial use for the proof of concept plant.

Pittsburgh Lignite to Coke Laboratory Trials

In December 2014 the decision was taken to abandon the lignite to coke laboratory work being undertaken in Pittsburgh. Given the preliminary nature of this work and the challenging coal market conditions it was decided that further investment in this technology was unlikely to result in a commercial outcome in the foreseeable future. The Pittsburgh facility was completely demobilised by the end of March 2015.

Pastoral Operations

Development and implementation of Acland Pastoral's 5 year plan has continued with the assistance of Rural Consulting Services (RCS). This plan has seen approximately 42km of new fencing, 10 new water troughs and 2 water storage tanks constructed to allow time controlled grazing trails to be implemented.

The company's cattle herd was maintained during the year in spite of continuing dry conditions and has recently been expanded to allow for breeding operations to commence.

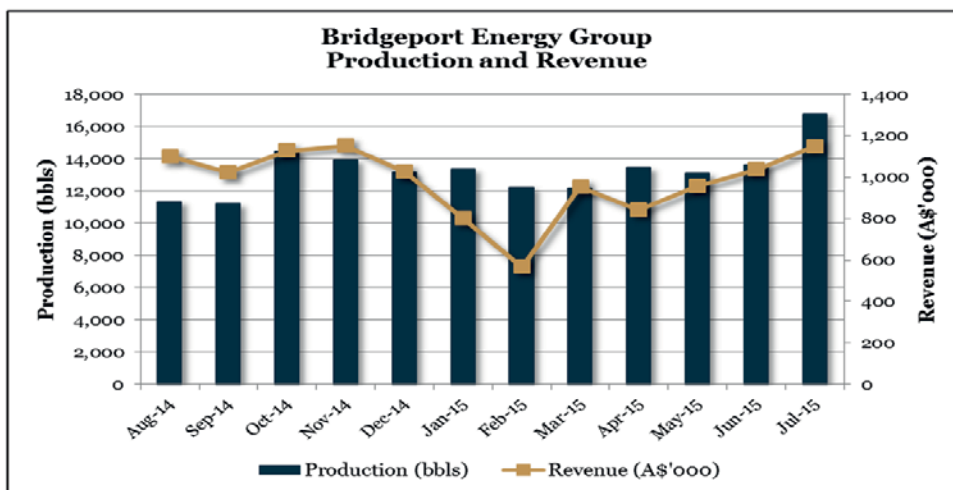
Stage II of the Acland Pastoral cattle trials on rehabilitated mine land was completed with further analysis undertaken in the following areas;

- Soil structure and water holding capacity;
- Volume, diversity and quality of pastures; and,
- Various age of pastures.

The results of trials undertaken to date are encouraging with all cattle gaining weight in spite of the dry conditions.

Bridgeport

Sales revenue for the year was \$11.8 million against prior year of \$14.6 million, a decrease of 19%. The reduction in sales revenue was entirely a consequence of the precipitous drop in oil prices in late 2014/early 2015. These declines in USD oil prices were partially offset by increased production and a decrease in the Australian dollar as shown in the table below.



The strategic focus during the year (primarily in response to the drop in oil price) was to:

- reduce operating expenditures within the company (a 10% reduction was achieved from mid-year);
- defer drilling of operated production wells to allow time for rig and service company contract rates to reduce in alignment with decline in oil price (two wells deferred);
- reduce staff levels primarily through attrition; and,
- farmout equity within the exploration portfolio.

During the year, impairment provisions of some \$55.6 million were booked against Bridgeport production tenements as a consequence primarily of the sharp decline in world oil prices.

Operations

PL303 Cuisinier (15% interest, operated by Santos)

Bridgeport holds a 15% interest in the Cuisinier field (Santos operated). During the year, five new wells were drilled of which four were successful and two were placed on production. The remaining two wells are scheduled for hydraulic fracture stimulation during the next budget year. As a consequence, gross production has increased and at year end, the field was producing at circa 2,000 barrels of oil per day (bopd) (Bridgeport net: 300 bopd).

PL98 Inland (100% interest, operated by Bridgeport)

During the year, one planned new well was deferred. Production through the year declined from 3,750 barrels per month to 3,680 barrels at year end (119 bopd). The decline was partly offset by service work undertaken by the company's service rig which was able to cost effectively reinstate production at selected wells.

PL214 Utopia (60% interest, operated by Bridgeport)

During the year, one planned new well was deferred. Work undertaken on critical wells which resulted in an overall increase in production from 1,739 barrels per month to 1,854 barrels per month (Bridgeport net: 37 bopd).

Naccowlah Assets (2% interest, operated by Santos)

This interest delivered gross production of 2,051 bopd (Bridgeport net: 41 bopd). This holding while not material provides us good insight in the eastern Cooper Eromanga Basin.

Capital expenditure on producing assets during the year was \$7.7 million primarily comprising Cuisinier production wells and Inland well workover activities

Exploration

During the year, Bridgeport successfully completed a company-wide review of its exploration portfolio and packaged a suite of assets in the Cooper Eromanga Basin for farmout. The farmout process, currently being finalised aims to deliver a reduction of exploration cost exposure across these assets through the farmout of a publicly reputable counter party for 20% of the tenement interests. Approximately 400km² of 3D seismic activity is planned for the 2016 budget year which will help with the transition from exploration to drilling and commercialisation. The permits being farmed out include ATP794, ATP948, PEL630 and PELA641.

Acreage in the Surat requires a commitment to progress 3D seismic acquisition over the Donga structure in ATP805 from which exploration and appraisal drilling has proven oil production to surface. The seismic acquisition will assist with subsurface imaging and progression to potentially a petroleum lease.

In the Otway, Bridgeport is increasing its holding in PEP151 to 100% with Cooper Energy transferring its interest to Bridgeport at no cost to the Company. While the State of Victoria continues with a moratorium against onshore gas drilling, the company has a drill ready location in this permit should the moratorium be lifted.

In the Cooper Eromanga Basin, Santos operated ATP752 (Bridgeport 15%) drilled one unsuccessful exploration well (Wicho East-1) north of the Cuisinier field and one successful exploration well (Wompi-1) on the southern flank of the Cooper Eromanga Basin. The Wompi well was successful in demonstrating multiple oil shows within the Jurassic interval as well as gas in the deeper Permian Toolachee. The well was cased and suspended for future testing and evaluation in this new fairway.

Capital expenditure on exploration assets during the year was \$3.6 million principally expended within the ATP752 permit.

New Hope Group Outlook

Operationally, group production for 2016 is anticipated to be similar to the 2015 year. Rehabilitation work currently underway at the West Moreton operations will continue during 2016.

Acquisition opportunities are being actively investigated by New Hope, with a focus on open cut operations in Australia. The current soft coal market, combined with our strong balance sheet, provides the ability to take advantage of acquisition opportunities which support the long term profitability of the company. Concurrently we will continue to develop our portfolio of assets, ensuring prudent expenditure continues on exploration and approvals work to allow new projects to be brought on line when market conditions improve.

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 organisation. The framework assists the organisation to identify, classify, document, manage and report on the risks facing the Company. Each identified risk is tracked in a risk register and allocated to an accountable individual who is discharged with managing and reporting on the risk. Maintenance of the risk register has been delegated to the Risk Manager and Internal Auditor.

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

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

Safety

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

Social License

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

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

The Company is currently in the process of securing approvals for the New Acland Coal Stage 3 expansion. Timing of these approvals is critical to ensure continuity of operations as reserves on the existing lease are expected to be consumed in 2018.

Project Development

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

Failure of Infrastructure

The company is highly dependent upon the availability and effectiveness of key infrastructure in order to produce and bring products to market. The company undertakes timely and effective preventative maintenance as well as regular 3rd party inspections of key infrastructure to minimise the risk of unforeseen failure.

Market Forces

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

Insurance of officers

In accordance with the provisions of the Corporations Act 2001, New Hope Corporation Limited (the Company or parent entity) has a Directors' and Officers' Liability policy covering Directors and Officers of the Group. The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Proceedings on behalf of the Corporation

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

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

Significant changes in the state of affairs

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

Matters subsequent to the end of financial year

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

Likely developments and expected results of operations

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

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

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

Corporate Governance Statement

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

Work place compliance

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

Environmental compliance

During the 2015 financial year, the Group has not been prosecuted for any breach of environmental laws.

Environmental performance

The majority of the Company's operations which include coal mining operations and exploration tenements, the Jondaryan rail loading facility, the Queensland Bulk Handling (QBH) coal export port facility and oil & gas operations are in Queensland. The key piece of environmental legislation in Queensland is the Environmental Protection Act 1994 (EP Act). The EP Act protects our environment with a focus on ecologically sustainable development.

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

Environmental systems

During the 2015 financial year the New Hope Group has adopted a new Environmental policy aligned with the requirements of the ISO 14001 standard and the Company's operations have continued the implementation of the Environmental Management System (EMS). The EMS assists the Company to improve its environmental performance by increasing environmental awareness, optimising operational control, monitoring compliance and facilitating continuous improvement.

Environmental reporting

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

For the purposes of National Greenhouse and Energy Reporting and the Energy Efficiency Opportunities program the Group reports as part of the corporate group of Washington H. Soul Pattinson and Company Limited.

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 in 1995 and was appointed Chairman in 1998.

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1984
TPG Telecom Limited	Appointed 2000
Brickworks Limited (includes Bristle Limited)	Appointed 1997
BKI Investment Company Limited (includes PSI Limited)	Appointed 2003
Apex Health Berhad	Appointed 2000
Australian Pharmaceutical Industries Limited	Appointed 2000
Milton Corporation Limited (includes Choiseul Investments Limited)	Appointed 1998

Former Directorships in last 3 years

Exco Resources Limited	Appointed 2012 (Company delisted 2013)
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Special responsibilities

Chairman of the Board.

Interests in shares and options

3,781,962 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 is the Chief Executive Officer of Washington H. Soul Pattinson and Company Limited. Prior to that Mr Barlow was Managing Director of Pitt Capital Partners for 8 years. He has extensive experience in corporate finance across a range of industries. Mr Barlow joined the Board of New Hope Corporation Limited on 22 April 2015.

Other current Directorships

PM Capital Asian Opportunities Fund Limited	Appointed 2014
TPI Enterprises Limited	Appointed 2015

Former Directorships in last 3 years

CBD Energy Limited	Appointed 2011 Resigned 2014
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Special responsibilities

Member of the Remuneration Committee and Nomination Committee.

Interests in shares and options

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

Information on Directors (continued)**Mr D.J. FAIRFULL** - BCom, ACIS, CPA, ASIA (Non-executive Director)Experience

Mr Fairfull has extensive experience in finance, investment and merchant banking. He was appointed to the New Hope Corporation Limited Board in 1997.

Other current Directorships

Shinewing Hall Chadwick National Association	Appointed 2009
Heritage Brands Limited	Appointed 2008

Former Directorships in last 3 years

Mitchell Services (Formerly Drill Torque Limited)	Appointed 2011	Resigned 2013
Washington H. Soul Pattinson and Company Limited	Appointed 1997	Resigned 2014

Special responsibilities

Member of the Audit Committee

Interests in shares and options

11,000 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 was the CEO of the South Bank Corporation in Brisbane from 1997 to 2005 and prior to that he was the General Manager/CEO of the Newcastle City Council from 1992 to 1997. He joined the Board of New Hope Corporation Limited in 2006.

Other current Directorships

Brisbane Airport Corporation - Chairman	Appointed 2007
Bridgeport Energy Limited	Appointed 2012
Northern Energy Corporation Limited	Appointed 2011

Former Directorships in last 3 years

Queensland Performing Arts Centre Trust (QPAC)	Appointed 2006	Resigned 2013
Brisbane Development Association	Appointed 2006	Resigned 2014

Special responsibilities

Chairman of the Remuneration and Chairman of the Nomination Committee and a member of the Audit Committee.

Interests in shares and options

30,000 ordinary shares in New Hope Corporation Limited
 Nil options or rights over ordinary shares in New Hope Corporation Limited

Information on Directors (continued)**Ms S.J. PALMER** - BCom (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. Ms Palmer was appointed to the New Hope Corporation Limited Board on 1 November 2012.

Other current Directorships

RCR Tomlinson Ltd	Appointed 2014
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Former Directorships in last 3 years

Thiess Pty Ltd	Appointed 2011 Resigned 2014
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Special responsibilities

Chairman of the Audit Committee.

Interests in shares and options

15,000 ordinary shares in New Hope Corporation Limited
 Nil options or rights over ordinary shares in New Hope Corporation Limited

Mr P.R. ROBINSON - BCom (Non-executive Director): retired 31 March 2015Experience

Mr Robinson was Executive Director of Washington H. Soul Pattinson and Company Limited. He commenced with Washington H. Soul Pattinson and Company Limited in 1978 and was appointed as a Director in 1984. He joined the Board of New Hope Corporation Limited in 1997.

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1984
Clover Corporation Limited	Appointed 1997
Australian Pharmaceutical Industries Limited	Appointed 2000

Former Directorships in last 3 years

Exco Resources Limited	Appointed 2012 (Company delisted 2013)
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Special responsibilities

Member of the Remuneration Committee and Nomination Committee. (retired 2015)

Interests in shares and options upon retirement

119,234 ordinary shares in New Hope Corporation Limited
 Nil options or rights over ordinary shares in New Hope Corporation Limited

Information on Directors (continued)**Mr S.O. STEPHAN** - BBus (Dist), MBA (AGSM), MAusIMM, MAICD (Managing Director)Experience

Mr Stephan has over 25 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 Mining as Chief Financial Officer in 2009. He was appointed Managing Director in 20 November 2014.

Other current Directorships

Bridgeport Energy Limited	Appointed 2012
Northern Energy Corporation Limited	Appointed 2014

Former Directorships in last 3 years

Nil

Special responsibilities

Managing Director	Appointed 2014
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Interests in shares and options upon retirement

162,078 ordinary shares in New Hope Corporation Limited
30,853 Performance rights 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 Directorships

Australia Japan Business Cooperation Committee	Appointed 2001
Australia Korea Business Council	Appointed 2013
Australia Korea Foundation	Appointed 2015

Former Directorships in last 3 years

Ashurst	Appointed 2011 Resigned 2014
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Special responsibilities

Member of the Remuneration Committee and Member of Nomination Committee

Interests in shares and options

38,087 ordinary shares in New Hope Corporation Limited
Nil options or rights over ordinary shares in New Hope Corporation Limited

Company Secretary

Justin Hogg was appointed to the role of Company Secretary on 1 February 2014. Starting his career at Rio Tinto, Mr Hogg has held senior finance positions in a broad range of industry sectors, including petroleum, financial services and aviation. He joined New Hope Corporation Limited in 2011 in the position of Finance Manager. Mr Hogg is a member of CPA Australia and Governance Institute of Australia.

Remuneration report

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

a. Remuneration governance

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

The Remuneration Committee comprises Messrs Grant (Chair), Barlow and Williams. Mr Robinson served as a member of the committee until his retirement on 31 March 2015. The Remuneration Committee is responsible for reviewing and setting the remuneration packages for Directors and executives on an annual basis. The Remuneration Committee engages independent consultants, utilises data from independent surveys and reviews other market information and reports to ensure that remuneration is consistent with current industry practices.

The Corporate Governance Statement provides further information on this Committee.

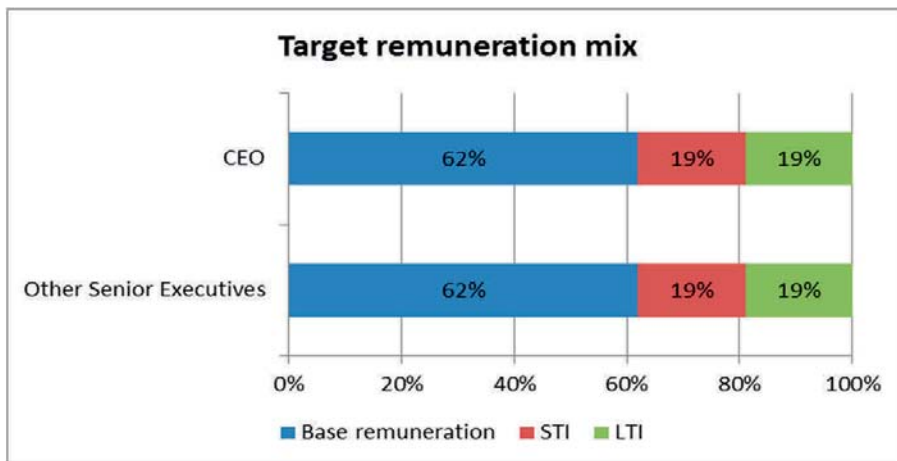
b. Key management personnel

Name	Positions Held
Mr R.D. Millner	Chairman and Non-executive Director.
Mr P.R. Robinson	Non-executive Director, retired on 31 March 2015.
Mr D.J. Fairfull	Non-executive Director.
Mr W.H. Grant	Independent Non-executive Director, Chairman of the Remuneration Committee and Chairman of the Nominations Committee.
Ms S.J. Palmer	Independent Non-executive Director and Chairman of the Audit Committee.
Mr I.M. Williams	Independent Non-executive Director.
Mr T.J. Barlow	Independent Non-executive Director, appointed 22 April 2015.
Mr S.O. Stephan	Managing Director, promoted from the position of Chief Executive Officer from 20 November 2014.
Mr B.D. Denney	Chief Operating Officer.
Mr M.J. Busch	Chief Financial Officer.

b. Executive remuneration policy and framework

The Company aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration of senior executives is reviewed annually after taking into consideration the executives' performance, the Company's performance, market rates and level of responsibility. As a result of the current year review, there will be no increase to Executive remuneration for the 2016 financial year.

Executive remuneration comprises a mix of base remuneration, short term incentives (STIs), long term incentives (LTI's) and retention payments. Target remuneration mix (based on the entitlement to 100% of the available STI and LTI which is at risk and subject to performance hurdles) for the year ended 31 July 2015 is:



Remuneration report (continued)**b. Executive remuneration policy and framework (continued)**

The detail of each component is as follows:

Base remuneration

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

Short Term Incentives

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

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

Short Term Incentives KPI's	Weighting
Group Profit, Sales and Investment Performance	60%
Group Compliance – Safety, Environment and Risk Management	20%
Group Production Cost, Project Development and M&A Activities	20%

Each of the Short Term Incentive KPI's is made up of qualitative and quantitative measures with the quantitative measures set annually by the Remuneration Committee. Based on the achievements of the Company this year, the remuneration committee determined that executives had achieved 86% of their maximum STI. In making this assessment, the committee considered the following factors:

- An improvement to the overall safety performance at the Company during the year.
- A net profit after tax before non regular items of \$51,749,000.
- Sales, excluding trade sales, of 5.7 million tonnes.
- Production of 5.7 million tonnes.
- A reduction in FOB costs of by 7.2%/tonne.

Given the historically low coal price and profit performance of New Hope and despite meeting the above STI measures, it was recommended by executive management that no STI be paid for the 2015 financial year. The Remuneration Committee accepted this proposal resulting in no STI being payable for the 2015 financial year.

Long Term Incentives

LTI's are designed to motivate and reward senior executives to achieve the strategic goals set by the board, align shareholder and executive objectives, and to retain the services of senior executives.

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

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

Remuneration report (continued)**b. Executive remuneration policy and framework (continued)**

Performance Rights are issued subject to performance and service conditions. The service condition requires that the executive remain an employee of the Company for the duration of the 3 year vesting period. The performance conditions attaching to the rights are measured over three years. The Remuneration Committee will determine the percentage of rights that will vest based on the performance of the executive and the Company during the three year period. The KPI's set by the Remuneration Committee and their respective weightings are detailed below.

Long Term Incentives KPIs	Weighting
Shareholder Value	50%
Project Development and M&A Activities	25%
Strategic Plan (including Succession Planning and Stakeholder Management)	25%

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

% of 3 year Company TSR vs ASX 200 TSR	% Vesting
< 100%	0%
100%	25%
105%	30%
110%	35%
115%	40%
120%	45%
> 125 %	50%

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

c. Consequences of performance on shareholder wealth

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

		Year ended 31 July				
		2015	2014	2013	2012	2011
Net profit attributable to shareholders	A\$000's	(21,820)	58,450	74,129	167,126	503,234
Profit after tax from continuing operations	A\$000's	(21,821)	58,449	74,128	167,125	503,099
Net profit after tax before non regular items	A\$000's	51,749	41,490	124,955	171,080	146,947
Earnings per share	cents/share	(2.60)	7.00	8.90	20.10	60.60
Dividends paid during the year	cents/share	9.50	16.00	31.00	26.00	23.75
Share price as at 31 July	\$/share	1.91	3.00	3.76	4.07	5.37
Shareholders' funds	A\$000's	1,852,625	1,973,859	2,016,456	2,252,916	2,367,383

d. Non-executive director remuneration policy

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

Non-executive Directors receive a fixed fee that is paid within an aggregate limit as approved by the shareholders from time to time. The current maximum aggregate is set at \$1,750,000 (2014 - \$1,750,000) per annum. There is no proposal to increase Directors' Fees for the 2016 financial year.

e. Voting made at the company's 2013 Annual General Meeting

The Company received 98% "yes" votes on its remuneration report for the 2014 financial year.

Remuneration report (continued)**f. Details of remuneration**

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

	Short-term employee benefits			Long-term benefits	Post employment benefits	Share based payments		Total
	Cash salary and fees	Cash bonus ⁴	Non cash benefits ⁵	LSL	Super-annuation	Termination Benefits	Rights	
	\$	\$	\$	\$	\$	\$	\$	\$
2015								
Non-executive Directors								
Mr R.D. Millner	293,000	-	-	-	18,783	-	-	311,783
Mr P.R. Robinson ¹	90,000	-	-	-	8,550	-	-	98,550
Mr D.J. Fairfull	135,000	-	-	-	12,825	-	-	147,825
Mr W.H. Grant ⁷	150,000	-	-	-	14,250	-	-	164,250
Ms S.J. Palmer ⁶	160,000	-	-	-	15,200	-	-	175,200
Mr I.M. Williams	135,000	-	-	-	12,825	-	-	147,825
Mr T.J. Barlow ²	37,330	-	-	-	3,546	-	-	40,876
Total Non-executive Directors	1,000,330	-	-	-	85,979	-	-	1,086,309
Executive Directors								
Mr S.O. Stephan ³	1,209,630	(24,967)	42,778	17,860	18,915	-	43,056	1,307,272
Key Management Personnel								
Mr B.D. Denney	673,774	(15,605)	72,920	6,944	18,915	-	75,539	832,487
Mr M.J. Busch	513,950	(9,363)	44,970	9,716	18,779	-	48,492	626,544
Total Key Management Personnel	1,187,724	(24,968)	117,890	16,660	37,694	-	124,031	1,459,031
Total Remuneration - 2015	3,397,684	(49,935)	160,668	34,520	142,588	-	167,087	3,852,612
2014								
Non-executive Directors								
Mr R.D. Millner	293,000	-	-	-	17,836	-	-	310,836
Mr P.R. Robinson	135,000	-	-	-	12,516	-	-	147,516
Mr D.J. Fairfull	135,000	-	-	-	12,516	-	-	147,516
Mr W.H. Grant ⁷	150,000	-	-	-	13,906	-	-	163,906
Ms S.J. Palmer ⁶	160,000	-	-	-	14,833	-	-	174,833
Mr I.M. Williams	135,000	-	-	-	12,516	-	-	147,516
Total Non-executive Directors	1,008,000	-	-	-	84,123	-	-	1,092,123
Executive Directors								
Mr R.C. Neale (retired 2014)	702,688	285,000	96,936	13,123	8,887	176,315	421,744	1,704,693
Key Management Personnel								
Mr S.O. Stephan	905,621	433,175	114,269	65,376	18,074	-	107,571	1,644,086
Mr B.D. Denney	592,280	340,813	24,555	1,838	18,027	-	87,605	1,065,118
Mr M.J. Busch	456,003	201,863	83,535	47,005	18,873	-	67,055	874,334
Total Key Management Personnel	1,953,904	975,851	222,359	114,219	54,974	-	262,231	3,583,538
Total Remuneration - 2014	3,664,592	1,260,851	319,295	127,342	147,984	176,315	683,975	6,380,354

1 Mr P.R. Robison retired as a director on 31 March 2015

2 Mr T.J. Barlow was appointed a director on 22 April 2015

3 Mr S.O. Stephan previously held the position of Chief Executive Officer and was promoted to the position of Managing Director from 20 November 2014

4 Cash Bonus for 2015 represents the difference between the accrual of the 2014 STI to the actual payment made during the 2015 financial year. Having regard to the difficult market conditions currently facing the company and despite meeting all the necessary hurdles for the STI payment, the executive team recommended that no STI payment be made for the 2015 year. The board accepted this recommendation and no STI payment was awarded for the 2015 financial year.

5 Non Cash Benefits include movements in annual leave provisions

6 Chairman of the Audit & Risk Committee

7 Chairman of the Remuneration Committee and Chairman of the Nominations Committee

Remuneration report (continued)

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

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2015	2014	2015	2014	2015	2014
Mr S.O. Stephan	97%	67%	0%	26%	3%	7%
Mr B.D. Denney	91%	60%	0%	32%	9%	8%
Mr M.J. Busch	92%	69%	0%	23%	8%	8%

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

g. Employment contracts

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

Name	Term of agreement and notice period ¹	Base remuneration including Superannuation ²	Termination Payments ³
Mr S.O. Stephan	No fixed term 6 months' notice period	\$1,300,000	6 months' base remuneration
Mr B.D. Denney ⁴	No fixed term 3 months' notice period	\$750,000	3 months' base remuneration
Mr M.J. Busch	No fixed term 3 months' notice period	\$600,000	3 months' base remuneration

¹ This notice applies equally to either party.

² Base remuneration quoted is for the year ended 30 June 2015; they are reviewed annually by the remuneration committee.

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

⁴ The contract with Mr Denney includes provision for a separation payment in the event of his termination as a result of takeover or merger of the Company. The allowance is for less than one year's remuneration.

h. Details of share based compensation**Rights**

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

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

The assessed fair value at grant date of Rights granted to the individuals is allocated equally over the period from grant date to vesting date and the amount will be included in the remuneration of the executive. Fair values at grant date are determined by reference to the relevant volume weighted average price as determined by the Directors.

Remuneration report (continued)**h. Details of share based compensation (continued)**Rights

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

Performance Period to which LTI relates	Grant Date	Vesting Date	Value of a Right at Grant Date (\$)
2010	October 2011	August 2014	5.95
2011	December 2011	August 2014	5.84
2011	December 2011	August 2015	5.84
2012	December 2012	August 2014	4.08
2012	December 2012	August 2015	4.08
2012	December 2012	August 2016	4.08
2014 - 2016	December 2014	August 2017	1.58

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

Details of Rights over ordinary shares in the Company as at 31 July 2015, provided as remuneration to each Director of New Hope Corporation Limited and each of the key management personnel of the Group are set out below. Upon satisfaction of the service and performance conditions each right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met. The maximum value of the rights yet to vest has been determined as the amount of the grant date fair value of the right that is yet to be expensed.

Name	Grant date	Vesting date	Number granted	Value per share	Number vested	Vested %	Number forfeited	Forfeited %	Maximum value yet to vest
Mr S.O. Stephan ¹	October 2011	August 2014	10,040	5.95	10,040	100%	-	-	-
	December 2011	August 2014	8,432	5.84	8,432	100%	-	-	-
	December 2011	August 2015	8,432	5.84	-	-	-	-	-
	December 2012	August 2014	11,211	4.08	11,211	100%	-	-	-
	December 2012	August 2015	11,211	4.08	-	-	-	-	-
	December 2012	August 2016	11,210	4.08	-	-	-	-	12,474
Mr B.D. Denney	December 2011	August 2014	8,010	5.84	8,010	100%	-	-	-
	December 2011	August 2015	8,010	5.84	-	-	-	-	-
	December 2012	August 2014	11,211	4.08	11,211	100%	-	-	-
	December 2012	August 2015	11,211	4.08	-	-	-	-	-
	December 2012	August 2016	11,210	4.08	-	-	-	-	12,474
	December 2014	August 2017	83,893	1.58	-	-	-	-	99,463
Mr M.J. Busch	October 2011	August 2014	5,020	5.95	5,020	100%	-	-	-
	December 2011	August 2014	4,005	5.84	4,005	100%	-	-	-
	December 2011	August 2015	4,005	5.84	-	-	-	-	-
	December 2012	August 2014	8,408	4.08	8,408	100%	-	-	-
	December 2012	August 2015	8,408	4.08	-	-	-	-	-
	December 2012	August 2016	8,408	4.08	-	-	-	-	9,326
	December 2014	August 2017	50,336	1.58	-	-	-	-	59,678

1. Mr S.O. Stephan's right relating to the 2104-2016 LTI of 134,228 rights will be put to shareholders for approval at this year's Annual General Meeting.

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

Remuneration report (continued)**i. Equity instruments held by Key Management Personnel**

The tables on the following page show the number of rights and shares in the Company that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

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

Rights holdings

Name	Balance at the start of the year	Granted as remuneration	Vested	Balance at the end of the year	Unvested
Mr S.O. Stephan	60,536	-	(29,683)	30,853	30,853
Mr B.D. Denney	49,652	83,893	(19,221)	114,324	114,324
Mr M.J. Busch	38,254	50,336	(17,433)	71,157	71,157

Share holdings

Name	Balance at the start of the year	Purchased / (sold)	Received on the vesting of rights	Other changes during the year ¹	Balance at the end of the year
Mr R.D. Millner	3,681,962	100,000	-	-	3,781,962
Mr P.R. Robinson	119,234	-	-	(119,234)	-
Mr D.J. Fairfull	11,000	-	-	-	11,000
Mr W.H. Grant	30,000	-	-	-	30,000
Ms S.J. Palmer	15,000	-	-	-	15,000
Mr I.M. Williams	16,650	21,437	-	-	38,087
Mr T.J. Barlow	-	-	-	-	-
Mr S.O. Stephan	72,395	60,000	29,683	-	162,078
Mr B.D. Denney	27,231	-	19,221	-	46,452
Mr M.J. Busch	681,478	-	17,433	-	698,911

¹ Other changes for Mr P.R. Robinson represent balance of final holdings upon retirement.

j. Other transactions with Key Management Personnel

Mr R.D. Millner and Mr T.J. Barlow are Directors of New Hope Corporation Limited. Mr R.D. Millner and Mr T.J. Barlow also had an interest in Pitt Capital Partners Limited which acted as Financial Advisor to the Company for various corporate transactions during the 2015 and 2014 financial years. Mr P.R. Robinson who retired as Director of New Hope Corporation Limited on 31 March 2015 also had an interest in Pitt Capital Partners Limited. All transactions are at normal commercial terms.

Mr K.P. Standish is a Director of certain subsidiaries of New Hope Corporation Limited. Mr Standish is a partner in the firm Campbell Standish Partners Solicitors which has provided legal services to New Hope Corporation Limited and its subsidiaries for several years. All transactions are at normal commercial terms.

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

Legal advice	\$ 1,594,269
Financial advice	\$ 379,269

Shares issued on the vesting of rights

Since the end of the financial year 51,277 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.

Non-audit services

At the start of the current financial year, the company rotated its auditors from PricewaterhouseCoopers to Deloitte Touche Tohmatsu. 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.

There were no non-audit services provided by the auditor during the year. Comparatives have been provided for the 2014 disclosures which was appropriately considered as disclosed in the 2014 Financial Statements.

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 32):

	Consolidated	
	2015	2014
Audit services		
Audit and review of financial reports and other audit work		
Deloitte Touche Tohmatsu (Australian firm)	263,000	-
PricewaterhouseCoopers (Australian firm)	-	448,066
Other audit firms for the audit or review of financial reports of any entity in the Group	-	1,045
Total remuneration for audit services	<u>263,000</u>	<u>449,111</u>
Non-audit services		
Deloitte Touche Tohmatsu (Australian firm)	-	-
PricewaterhouseCoopers Australian firm:		
Transaction tax and advisory services	-	435,664
General advisory services	-	56,920
Tax compliance services	-	94,907
Tax compliance services - MRRT	-	1,500
Tax compliance services - PRRT	-	43,354
Research and development compliance services	-	223,534
Total remuneration for non-audit services	<u>-</u>	<u>855,879</u>
Total auditors remuneration	<u>263,000</u>	<u>1,304,990</u>

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 25.

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order 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 2015 and the number of meetings attended by each Director:

	Full meetings		Audit Committee		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr R.D. Millner	13	12	-	-	-	-	-	-
Mr P.R. Robinson (retired 31 March 2015)	8	8	-	-	1	1	1	1
Mr D.J. Fairfull	13	11	3	3	-	-	-	-
Mr W.H. Grant	13	12	3	3	1	1	1	1
Ms S.J. Palmer	13	13	3	3	-	-	-	-
Mr I.M. Williams	13	13	-	-	1	1	1	1
Mr S.O. Stephan (appointed 20 Nov. 2014)	13	13	-	-	-	-	-	-
Mt T.J. Barlow (appointed 22 April 2014)	4	4	-	-	-	-	-	-

Signed at Sydney this 21 day of September 2015 in accordance with a resolution of Directors.

R.D. Millner
Director

S.J. Palmer
Director



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

21 September 2015

Dear Board Members

Independence Declaration

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

As lead audit partner for the review of the financial statements of New Hope Corporation Limited for the year ended 31 July 2015, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 JULY 2015

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The financial report is the consolidated financial statements of the consolidated entity consisting of New Hope Corporation Limited and its subsidiaries. The financial report is presented in the Australian currency.

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 2 to 9, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 21 September 2015. 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.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 \$000	2014 \$000
Revenue from continuing operations	5	505,781	548,959
Other income	6	1,177	17,484
		<u>506,958</u>	<u>566,443</u>
Expenses			
Cost of sales		(279,219)	(336,949)
Marketing and transportation		(137,409)	(134,802)
Administration		(9,010)	(12,208)
Other expenses		(8,591)	(7,072)
Impairment of assets	7	(97,438)	(4,365)
Profit/(loss) before income tax		<u>(24,709)</u>	<u>71,047</u>
Petroleum resource rent tax benefit	8	961	7,317
Income tax benefit/(expense)	8	1,927	(19,915)
Profit/(loss) after income tax for the year		<u>(21,821)</u>	<u>58,449</u>
Profit/(loss) attributable to:			
New Hope Shareholders		(21,820)	58,450
Non-controlling interests		(1)	(1)
		<u>(21,821)</u>	<u>58,449</u>
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	27	(33,790)	14,477
Transfer to profit and loss for cash flow hedges, net of tax	27	18,225	13,958
Changes to the fair value of available for sale financial assets, net of tax	27	(3,894)	4,046
Transfer to profit and loss - available for sale financial assets, net of tax	27	(1,151)	-
Other comprehensive income/(loss) for the year, net of tax		<u>(20,610)</u>	<u>32,481</u>
Total comprehensive income/(loss) for the year		<u>(42,431)</u>	<u>90,930</u>
Total comprehensive income/(loss) attributable to:			
New Hope Shareholders		(42,430)	90,931
Non-controlling interests		(1)	(1)
		<u>(42,431)</u>	<u>90,930</u>
Earnings per share for profit/(loss) attributed to ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents/share)	34	(2.6)	7.0
Diluted earnings/(loss) per share (cents/share)	34	(2.6)	7.0

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

BALANCE SHEET

AS AT 31 JULY 2015

	Notes	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	10	24,789	57,015
Receivables	11	42,927	51,430
Inventories	12	57,613	56,519
Held to maturity investments	13	1,040,480	1,067,241
Held for sale financial assets	16(a)	-	27,183
Current tax assets		-	3,693
Other	14	369	271
Total current assets		<u>1,166,178</u>	<u>1,263,352</u>
Non-current assets			
Receivables	15	2,029	2,576
Available for sale financial assets	16(b)	7,986	2,256
Derivative financial instruments	35	-	2,447
Property, plant and equipment	17	502,113	566,514
Exploration and evaluation assets	18	377,120	323,816
Intangible assets	20	19,732	24,881
Total non-current assets		<u>908,980</u>	<u>922,490</u>
Total assets		<u>2,075,158</u>	<u>2,185,842</u>
Current liabilities			
Accounts payable	21	42,512	42,504
Current tax liabilities		4,732	-
Derivative financial instruments	35	23,144	3,255
Provisions	24	32,262	28,125
Total current liabilities		<u>102,650</u>	<u>73,884</u>
Non-current liabilities			
Deferred tax liabilities	23	60,186	85,197
Provisions	25	59,697	52,902
Total non-current liabilities		<u>119,883</u>	<u>138,099</u>
Total liabilities		<u>222,533</u>	<u>211,983</u>
Net assets		<u>1,852,625</u>	<u>1,973,859</u>
Equity			
Contributed equity	26	95,444	95,119
Reserves	27(a)	6,632	27,400
Retained profits	27(b)	1,750,525	1,851,289
Capital and reserves attributable to New Hope Shareholders		<u>1,852,601</u>	<u>1,973,808</u>
Non-controlling interests		24	51
Total equity		<u>1,852,625</u>	<u>1,973,859</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2015

	Notes	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
Balance at 1 August 2013		93,342	(3,988)	1,925,767	1,335	2,016,456
Profit for the year		-	-	58,450	(1)	58,449
Other comprehensive income		-	32,481	-	-	32,481
Total comprehensive income for the year		-	32,481	58,450	(1)	90,930
Transactions with owners in their capacity as owners						
Dividends provided for or paid	9	-	-	(91,392)	-	(91,392)
Special dividend paid	9	-	-	(41,536)	-	(41,536)
Transfer from share based payment reserve to equity	27	1,777	(1,777)	-	-	-
Net movement in share based payment reserve	27	-	684	-	-	684
Share of non-controlling interests equity contributions		-	-	-	(1,283)	(1,283)
		<u>1,777</u>	<u>(1,093)</u>	<u>(132,928)</u>	<u>(1,283)</u>	<u>(133,527)</u>
Balance at 31 July 2014		95,119	27,400	1,851,289	51	1,973,859
Loss for the year		-	-	(21,820)	(1)	(21,821)
Other comprehensive loss		-	(20,610)	-	-	(20,610)
Total comprehensive loss for the year		-	(20,610)	(21,820)	(1)	(42,431)
Transactions with owners in their capacity as owners						
Dividends provided for or paid	9	-	-	(49,859)	-	(49,859)
Special dividend paid	9	-	-	(29,085)	-	(29,085)
Transfer from share based payment reserve to equity	27	325	(325)	-	-	-
Net movement in share based payment reserve	27	-	167	-	-	167
Share of non-controlling interests equity contributions		-	-	-	(26)	(26)
		<u>325</u>	<u>(158)</u>	<u>(78,944)</u>	<u>(26)</u>	<u>(78,803)</u>
Balance at 31 July 2015		95,444	6,632	1,750,525	24	1,852,625

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 2015

	Notes	2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers inclusive of GST		475,908	520,558
Payments to suppliers and employees inclusive of GST		<u>(380,524)</u>	<u>(426,311)</u>
		95,384	94,247
Income taxes paid		(6,929)	(29,935)
Net cash inflow from operating activities	33	<u>88,455</u>	<u>64,312</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(62,442)	(81,119)
Payments for exploration and evaluation activities		(53,215)	(31,587)
Receipt of/(payments for) available for sale financial assets		8,622	(9,298)
Refunds of/(payments for) security and bond guarantees		(98)	344
Net proceeds from held to maturity investments		23,792	160,793
Proceeds from sale of property, plant and equipment		333	504
Net proceeds from sale of non-current assets		-	23,000
Interest received on held to maturity investments		38,390	42,479
Net cash inflow from investing activities		<u>(44,618)</u>	<u>105,116</u>
Cash flows from financing activities			
Joint venture partner contributions		-	108
Dividends paid		<u>(78,944)</u>	<u>(132,928)</u>
Net cash outflow from financing activities		<u>(78,944)</u>	<u>(132,820)</u>
Net increase/(decrease) in cash and cash equivalents		(35,107)	36,608
Cash and cash equivalents at the beginning of the financial year		57,015	21,564
Effects of exchange rate changes on cash and cash equivalents		2,881	(1,157)
Cash and cash equivalents at the end of the financial year	10	<u>24,789</u>	<u>57,015</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers New Hope Corporation Limited and its subsidiaries as the consolidated entity and together are referred to as the Group or the consolidated entity in this financial report.

a. Basis of preparation of accounts

This general purpose financial report 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*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Comparative information has been reclassified where appropriate to enhance comparability.

(i) Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Group also comply with 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.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets and derivative instruments carried at fair value.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 in note 3.

b. Principles 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 2015 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 (note 1(h)).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

(ii) Associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

As the Group only has significant influence, it is unable to obtain reliable information at year end on a timely basis. The results of associates are equity-accounted from their most recent audited annual financial statements or unaudited interim financial statements, all within three months of the year end of the Group. Adjustments are made to the associates' financial results for material transactions and events in the intervening period.

(iii) Joint Arrangements

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. The Group has both joint operations and joint ventures.

Joint Operations

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

Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as comprising of the Board, Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO).

d. Foreign currency translation

(i) 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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all of the Group entities 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 rates at the date of that balance sheet;
- Income and expenses for each income statement and 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, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale where applicable.

e. Revenue recognition

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

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

- Coal sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sales terms. For export sales this is normally at the time of loading the shipment, and for domestic sales this is generally at the time the coal is delivered to the customer;
- Oil sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sales terms. For oil sales this is normally when the oil is delivered to the customer;
- Service fee income and management fee income is recognised as the services are performed;
- Interest income is recognised as it accrues using the effective interest method;
- Rental income is recognised on a straight line basis over the lease term; and,
- Dividend income is taken into profit when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence (note 1(i)).

f. Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

Deferred tax assets are recognised for the deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Income tax (continued)

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. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

New Hope Corporation Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 August 2003.

The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

g. Exploration and evaluation expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. 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.

Exploration and evaluation expenditure which does not satisfy these criteria is written off.

h. Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other 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 their 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**i. Impairment of assets**

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. Other 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 sell 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j. Cash and cash equivalents

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.

k. Trade receivables

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

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

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

l. Inventories

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.

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

Work in progress is stated at the lower of cost and net realisable value.

m. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the balance sheet.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Investments and other financial assets

The Group classifies its financial assets in the following categories:

(i) Available for sale financial assets

Available for sale financial assets, comprising principally marketable securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

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

(ii) Held to maturity investments

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

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value, and subsequently at amortised cost less provisions for doubtful debts. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 11) and receivables (note 15) in the balance sheet.

Impairment

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

(iv) Assets classified as available for sale

If there is objective evidence of impairment of available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

o. Derivatives - 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).

The Group documents at the inception of the transaction, 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 cash flow hedges is recognised in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**o. Derivatives - Forward foreign exchange contracts (continued)**

Amounts accumulated in equity are recycled in the income statement 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 cost or 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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

p. Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet 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 liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

q. Property, plant and equipment

Property, plant and equipment, excluding investment property, 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 repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Depreciation is calculated so as to write off the cost of each item of property, plant and equipment during 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. Straight line method is predominately used. The expected useful life of plant and equipment is 4 to 20 years, buildings is 25 to 40 years and motor vehicles is 4 -8 years. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

r. 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 mineral and oil 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 mineral and oil reserves and resources are capitalised on the statement of financial position 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 producing 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 costs. Amortisation commences when an area of interest is ready for use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. 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 the future economic benefit (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.

t. Intangible assets

(i) IT development and software

Costs incurred in developing products or systems 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.

(ii) Goodwill

Goodwill is measured as described in note 1(h). 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. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and 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 cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

u. Trade and other payables

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.

v. Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

w Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within twelve 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 and 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.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees render the related service 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**x. Employee benefits (continued)***(iii) Share-based payments*

Share-based compensation benefits are provided to employees via the New Hope Corporation Limited Employee Share Option Plan and the New Hope Corporation Ltd Employee Performance Rights Share Plan. Information relating to these schemes is set out in note 36.

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

The fair value of rights at grant date is calculated as the number of rights offered at the share price at offer date. 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.

y. Contributed equity

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.

z. Dividends

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

aa. Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, 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 Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

ab. Earnings per share*(i) 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.

(ii) 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.

ac. Restoration, rehabilitation and environmental expenditure

Provisions are raised for restoration, rehabilitation and environmental expenditure as soon as an obligation exists, with the cost being charged to profit or loss 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. 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.

ae. Leases

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 income statement on a straight line basis over the period of the lease.

af. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 August 2014:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'

The adoption of the above amendments did not affect any of the amounts recognised in the current period or any prior periods. The amendments only affected the disclosures in the notes to the financial statements.

ag. New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

- (i) AASB 115 Revenue from Contracts with Customers - AASB 115 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 Revenues, AASB 111 Construction Contracts and related Interpretations. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also allows costs associated with obtaining a contract to be capitalised and amortised over the life of the new contract. The Group has not yet assessed how its own revenue recognition would be affected by the new rule. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**ah. New accounting standards and interpretations not yet adopted (continued)**

- (ii) *AASB 9 Financial Instruments* - AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group has not yet assessed how its own hedging arrangements would be affected by the new rules and it has not yet decided whether to adopt any parts of AASB 9 early. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2018.

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

ai. Parent entity financial information

The financial information for the parent entity, New Hope Corporation Limited, disclosed in note 39 has been prepared on the same basis as the consolidated financial statements, except as set out below.

- (i) *Investments in subsidiaries, associates and joint ventures*
Investments in subsidiaries, subsidiaries 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.

- (ii) *Tax consolidation legislation*
New Hope Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 August 2003. The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, New Hope Corporation Limited 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.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate New Hope Corporation Limited for any current tax payable assumed and are compensated by New Hope Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to New Hope Corporation Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

aj. Comparative Figures

When required, comparative figures have been adjusted to conform to changes in presentation for the current financial year. For the specific reclassification of the coal exploration and evaluation assets acquired refer to note 18.

2. FINANCIAL RISK MANAGEMENT

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:

	Held for Sale \$000	Available for Sale \$000	Derivatives used for hedging \$000	Financial assets / liabilities amortised at cost \$000	Total \$000
Financial assets					
2015					
Cash and cash equivalents	-	-	-	24,789	24,789
Trade and other receivables	-	-	-	41,009	41,009
Available for sale financial assets	-	7,986	-	-	7,986
Held to maturity investments	-	-	-	1,040,480	1,040,480
Held for sale financial assets	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Other financial assets	-	-	-	369	369
	-	7,986	-	1,106,647	1,114,633
2014					
Cash and cash equivalents	-	-	-	57,015	57,015
Trade and other receivables	-	-	-	54,006	54,006
Available for sale financial assets	-	2,256	-	-	2,256
Held to maturity investments	-	-	-	1,067,241	1,067,241
Held for sale financial assets	27,183	-	-	-	27,183
Derivative financial instruments	-	-	2,447	-	2,447
Other financial assets	-	-	-	271	271
	27,183	2,256	2,447	1,178,533	1,210,419
Financial liabilities					
2015					
Trade and other payables	-	-	-	42,512	42,512
Derivative financial instruments	-	-	23,144	-	23,144
	-	-	23,144	42,512	65,656
2014					
Trade and other payables	-	-	-	42,504	42,504
Derivative financial instruments	-	-	3,255	-	3,255
	-	-	3,255	42,504	45,759

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 external forward currency contracts. Contracts are designated as cash flow hedges. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific future transactions.

2. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

(i) Foreign exchange risk (continued)

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:

	2015	2014
	USD	USD
	\$000	\$000
Cash and cash equivalents	3,586	26,596
Trade receivables	11,299	13,203
Forward exchange contracts - sell foreign currency (cash flow hedges)	137,000	168,000
Trade payables	11	12

Group sensitivity

Based on the trade receivables, cash and trade payables held at 31 July 2015, 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 \$1,588,000/(\$1,300,000) (2014 - \$3,321,000/(\$2,717,000)), 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 2015, 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 \$21,075,000/(\$17,208,000) (2014 - \$20,315,000/(\$16,569,000)). There is no effect on post-tax profits.

(ii) Price risk

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

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

Index	Impact on post-tax profit		Impact on equity	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
All Ordinaries - 10% increase	-	-	593	3,518
All Ordinaries - 10% decrease	-	(150)	(593)	(3,368)

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

(iii) Fair value interest rate risk

Refer to (e) below.

2. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk

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

Credit risk further arises in relation to financial guarantees given to certain parties (see note 22). 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.

	2015 \$000	2014 \$000
Trade receivables	42,927	51,430
Cash at bank and short term bank deposits	24,789	57,015
Held to maturity investments	1,040,480	1,067,241
Derivative financial instruments	-	2,447

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.

(i) Financing arrangements

The Group has no current need of external funding lines.

d. Maturity of financial liabilities

Non-derivative financial liabilities of the Group all mature within one year. The maturity groupings of derivative financial instruments are detailed in note 35.

e. Cash flow and fair value interest rate risk

The Group currently has significant interest-bearing assets which are placed with reputable investment counterparties for up to 12 months. The Group has a treasury investment policy approved by the Board which stipulates the maximum dollar exposure to each financial institution, and the maximum percentage of funds that can be invested with an individual institution. Significant changes in market interest rates may have an effect on the Group's income and operating cash flows. The Group manages its cash flow interest rate risk by placing excess funds in term deposits and other fixed interest bearing assets. Refer to note 13 for details.

Based on the deposits held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by \$7,228,000 (2014 - \$7,394,000).

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

f. Fair value measurements

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2. FINANCIAL RISK MANAGEMENT (continued)**f. Fair value measurements (continued)**

The following table presents the group's assets measured and recognised at fair value as at 31 July 2015 and 31 July 2014.

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	-	-	-
Held for sale financial assets				
Equity securities	-	-	-	-
Available for sale financial assets				
Equity securities	7,986	-	-	7,986
Total assets	7,986	-	-	7,986
Liabilities				
Derivatives used for hedging	-	23,144	-	23,144
Total liabilities	-	23,144	-	23,144
2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	2,447	-	2,447
Held for sale financial assets				
Equity securities	27,183	-	-	27,183
Available for sale financial assets				
Equity securities	2,256	-	-	2,256
Total assets	29,439	2,447	-	31,886
Liabilities				
Derivatives used for hedging	-	3,255	-	3,255
Total liabilities	-	3,255	-	3,255

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

The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provisions of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Rehabilitation

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

a. Critical accounting estimates and assumptions (continued)

(ii) Determination of coal reserves and coal resources

The Group estimates its coal reserves and coal resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves of December 2004 (the "JORC code"). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of decommissioning and restoration costs.

(iii) Impairment

The Group considers annually whether there have been any indicators of impairment and then, if indicators exist, tests whether non-current assets, including goodwill, have suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of assets and cash generating units have been determined based on fair value less costs to sell and is estimated based on recent market transaction information. These calculations require the use of assumptions. Refer to notes 16, 17, 18 and 20 for further details on the carrying amounts of non-current assets subject to impairment testing.

(iv) Petroleum Resource Rent Tax (PRRT)

As a result of the 100% acquisition of Bridgeport Energy Limited during 2013, the Group is subject to PRRT effective 1 July 2012 being the date of the extension of the PRRT to onshore petroleum projects. The Group accounted for the current and deferred tax impact of PRRT in accordance with the requirements in relation to income tax as detailed in note 1(f). As such, the Group has recorded current and deferred tax assets and liabilities relating to PRRT at the prevailing PRRT rate at 31 July 2015 and 31 July 2014.

New Hope Corporation Limited, as head company of the income tax consolidated group has made a PRRT consolidation election and as such the Group currently includes two PRRT consolidated groups at 31 July 2015 and 31 July 2014. The Group has accounted for its PRRT tax balances in accordance with the stand alone taxpayer method in alignment with its tax funding agreement.

b. Critical judgements in applying the entity's accounting policies

(i) Exploration and evaluation expenditure

During the year the entity capitalised various items of expenditure to the exploration expenditure asset account. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining operations, which would then be amortised over the useful life of the mine. 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 mining interest.

(ii) Impairment of available for sale financial assets

In the 2015 financial statements, the Group made a significant judgement about the impairment of a number of its available for sale financial assets.

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available for sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying value

(iii) New Acland Coal Stage 3 approvals

The forecasts of the entity assume that the Acland Coal Stage 3 approvals will be received with sufficient time to allow the uninterrupted operation of the mine. During the year and up to the date of this report there have been no matters come to the attention of the Company that suggest that approvals will not be received in a timely manner.

(iv) Recovery of amounts owing from Peabody (Wilkie Creek) Pty Limited

As of 31 July 2015, trade receivables past due but not impaired were \$6,498,000. This receivable relates solely to invoices issued by Queensland Bulk Handling Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) to Peabody (Wilkie Creek) Pty Limited for coal port services. The amounts invoiced to Peabody are the subject of an action in the Supreme Court of Queensland brought by QBH. An initial decision in favour of QBH was handed down on 27 February 2015. A subsequent appeal by Peabody has been heard on 30 July 2015 and judgement has been reserved. At the date of this report, all amounts invoiced are considered to be recoverable.

4. FINANCIAL REPORTING SEGMENTS

a. Description of segments

The Group has four reportable segments, namely Coal mining (including mining related exploration, development, production and processing), Oil and gas (including oil and gas related exploration, development, production and processing), Marketing and logistics (transport infrastructure and marketing activities) and Treasury and investments (including cash, held to maturity investments and available for sale financial assets).

Operating segments have been determined based on the analysis provided in the reports reviewed by the Board, CEO, COO and CFO (being the Chief Operating Decision Maker (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 current coal mining operations.

Segment information is presented on the same basis as that used for internal reporting purposes. Sales between segments are carried out at arm's length and are eliminated on consolidation.

b. Segment information

	Notes	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
Year ended 31 July 2015						
Revenue from external customers	5	6,087	11,955	447,378	40,361	505,781
Intersegment revenue		203,152	-	-	-	203,152
Total revenue		209,239	11,955	447,378	40,361	708,933
EBITDA		44,883	(692)	48,537	40,033	132,761
Interest expense		(1)	-	-	-	(1)
Depreciation and amortisation		(47,488)	(3,557)	(10,136)	-	(61,181)
Profit/(loss) before tax (before non regular items)		(2,606)	(4,249)	38,401	40,033	71,579
Non regular items before tax		(24,267)	(55,613)	-	(16,408)	(96,288)
Profit/(loss) before tax (after non regular items)		(26,873)	(59,862)	38,401	23,625	(24,709)
Less Income tax benefit/(expense)		9,015	16,442	(11,520)	(12,010)	1,927
Less Petroleum resource rent tax benefit		-	961	-	-	961
Profit/(loss) after tax (after non regular items)		(17,858)	(42,459)	26,881	11,615	(21,821)
Total segment profit before tax includes:						
Interest revenue	5	168	62	-	35,191	35,421
Interest expense		(1)	-	-	-	(1)
Depreciation and amortisation	7	(47,488)	(3,557)	(10,136)	-	(61,181)
Reportable segment assets		818,150	88,118	103,587	1,065,303	2,075,158
Total segment assets includes:						
Additions to non-current assets		99,288	16,401	9,172	-	124,861

Non regular items relate to impairment charges for goodwill and non current assets and profit on disposal of Dart Energy Limited shares during the year. See note 7.

4. FINANCIAL REPORTING SEGMENTS (continued)

b. Segment information (continued)

	Notes	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
Year ended 31 July 2014						
Revenue from external customers	5	4,169	14,153	489,888	40,749	548,959
Intersegment revenue		207,000	-	-	-	207,000
Total revenue		211,169	14,153	489,888	40,749	755,959
EBITDA		16,359	200	58,126	38,987	113,672
Interest expense		(172)	-	-	-	(172)
Depreciation and amortisation		(45,818)	(2,440)	(11,577)	-	(59,835)
Profit/(loss) before tax (before non regular items)		(29,631)	(2,240)	46,549	38,987	53,665
Non regular items before tax		-	-	-	17,382	17,382
Profit/(loss) before tax (after non regular items)		(29,631)	(2,240)	46,549	56,369	71,047
Less Income tax benefit/(expense)		7,831	(1,662)	(13,965)	(12,119)	(19,915)
Less Petroleum resource rent tax benefit		-	7,317	-	-	7,317
Profit/(loss) after tax (after non regular items)		(21,800)	3,415	32,584	44,250	58,449
Total segment profit before income tax includes:						
Interest revenue	5	20	114	22	40,749	40,905
Interest expense		(172)	-	-	-	(172)
Depreciation and amortisation	7	(45,818)	(2,440)	(11,577)	-	(59,835)
Reportable segment assets		714,639	163,817	180,874	1,126,512	2,185,842
Total segment assets includes:						
Additions to non-current assets		58,097	44,971	9,092	-	112,160
					2015	2014
					\$000	\$000
c. Other segment information						
<i>(i) Segment revenue</i>						
Total segment revenue						
Japan					173,104	177,430
Taiwan/China					240,590	252,676
Chile					8,443	14,034
Korea					-	5,943
Australia					48,453	58,127
					470,590	508,210
Investment income - Australia					35,191	40,749
					505,781	548,959

Included within revenue for the marketing and logistics segment are customers that represent more than 10 per cent of the Group's total revenue. For the year ended 31 July 2015, one customer contributed \$240,590,000 (2014 - \$252,676,000) in sales revenue, whilst another customer contributed \$62,952,000 (2014 - \$66,656,000) in sales revenue.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue reported from external parties is measured in a manner consistent with that in the income statement.

(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.

5. REVENUE	2015	2014
From continuing operations	\$000	\$000
Sales revenue		
Sale of goods	441,009	478,138
Services	23,305	25,766
	<u>464,314</u>	<u>503,904</u>
Other revenue		
Property rent	865	800
Interest	35,421	40,905
Sundry revenue	5,181	3,350
	<u>505,781</u>	<u>548,959</u>
6. OTHER INCOME		
Gain on sale of Westside Corporation Limited	-	17,133
Gain on sale of Quantex	-	249
Gain on sale of investments held for sale - Dart Energy Limited	1,151	-
Gain on sale of property, plant and equipment	26	102
	<u>1,177</u>	<u>17,484</u>
7. EXPENSES		
Profit/(loss) before income tax includes the following specific expenses:		
Foreign exchange gains and losses		
Net foreign exchange losses/(gains)	(2,881)	1,157
	<u>(2,881)</u>	<u>1,157</u>
Depreciation		
Buildings	619	557
Plant and equipment	51,588	52,166
	<u>52,207</u>	<u>52,723</u>
Amortisation		
Mining reserves and mine development	4,555	3,499
Software	1,426	1,625
Oil producing assets	2,993	1,988
	<u>8,974</u>	<u>7,112</u>
Other charges against assets		
Impairment of non current assets (Jeebropilly coal to liquids facility)	24,267	-
Impairment of goodwill (Bridgeport Energy Limited)	4,157	-
Impairment of available for sale investments (IGas PLC and Planet Gas Limited)	17,558	-
Impairment of oil producing and exploration assets (Bridgeport Energy Limited)	51,456	4,365
	<u>97,438</u>	<u>4,365</u>
Exploration costs expensed	<u>15,976</u>	<u>18,195</u>
Employee benefits expensed	<u>86,513</u>	<u>93,571</u>
Superannuation expensed*	<u>6,031</u>	<u>6,385</u>
Operating lease costs expensed	<u>4,168</u>	<u>4,377</u>

* Superannuation expensed is included in Employee benefits expensed

8. INCOME TAX EXPENSE**a. Tax consolidation legislation**

New Hope Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 August 2003. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, New Hope Corporation Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate New Hope Corporation Limited for any current tax payable assumed and are compensated by New Hope Corporation Limited for any tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to New Hope Corporation Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

	2015	2014
	\$000	\$000
b. Income Tax Expense		
Income tax - Current tax expense	18,692	7,241
Income tax - Deferred tax expense/(benefit)	(17,349)	12,595
Income tax - Adjustments for current tax of prior periods	(3,270)	79
Petroleum resource rent tax - Deferred tax expense/(benefit)	(961)	(7,317)
	<u>(2,888)</u>	<u>12,598</u>
Deferred income tax expense/(revenue) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 19)	(3,543)	(656)
Increase/(decrease) in deferred tax liabilities (note 23)	(14,767)	5,934
	<u>(18,310)</u>	<u>5,278</u>
c. Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax	(24,709)	71,047
Income tax calculated at 30% (2014 - 30%)	(7,413)	21,314
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign tax loss not recognised	543	292
Gain on sale of Investments available for sale	(345)	-
Impairment of available for sale financial assets	5,267	(4,791)
Share based payment expense	(9)	(190)
Impairment of goodwill	1,247	-
Income tax on Petroleum resource rent tax	288	2,195
Non-deductible expenses	166	158
Sundry items	(377)	351
	<u>(633)</u>	<u>19,329</u>
Under/(over) provided in prior year	(1,294)	586
Petroleum resource rent tax benefit	(961)	(7,317)
Income tax expense	<u>(2,888)</u>	<u>12,598</u>
d. Tax expense relating to items of other comprehensive income		
Cash flow hedges (note 27(a))	6,701	(12,186)
	<u>6,701</u>	<u>(12,186)</u>

	2015 \$000	2014 \$000
9. DIVIDENDS - New Hope Corporation Limited		
a. Ordinary dividend paid		
2013 final dividend at 5.00 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2013)	-	41,536
2013 special dividend at 5.00 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2013)	-	41,536
2014 interim dividend at 6.00 cents per share - 100% franked at a tax rate of 30% (paid on 5 May 2014)	-	49,856
2014 final dividend at 2.00 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2014)	16,619	
2014 special dividend at 3.50 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2014)	29,085	
2015 interim dividend at 4.00 cents per share - 100% franked at a tax rate of 30% (paid on 5 May 2015)	33,240	
Total dividends paid	78,944	132,928

b. Proposed dividends

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 2.5 cents and a special dividend of 3.5 cents per fully paid share, (2014 - 2.0 cents per share and 3.5 cents per share respectively). Both dividends are fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 3 November 2015 but not recognised as a liability at year end is \$49,860,000 (2014 - \$45,705,000).

c. Franked dividends

The franked portions of the final dividends recommended after 31 July 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2015.

	2015 \$000	2014 \$000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 - 30%)	497,414	515,854

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for franking debits that will arise from the payment/refund of income tax, franking debits that will arise from the payment of dividends recognised as a liability at the reporting date and franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$21,369,000 (2014 - \$19,588,000).

d. Dividend reinvestment plans

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

	2015 \$000	2014 \$000
10. CURRENT ASSETS - Cash and cash equivalents		
Cash at bank and on hand	24,789	57,015
	<u>24,789</u>	<u>57,015</u>

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 2.93% (2014 - 0% to 2.65%).

b. Risk exposure

Information about the Group's exposure to foreign exchange risk and credit risk is detailed in note 2.

	2015 \$000	2014 \$000
11. CURRENT ASSETS - Receivables		
Trade receivables (a)	26,108	29,515
Other receivables (b)	13,085	18,357
Prepayments	3,734	3,558
	<u>42,927</u>	<u>51,430</u>

a. Past due but not impaired

As of 31 July 2015, trade receivables past due but not impaired were \$6,498,000. This receivable relates solely to invoices issued by Queensland Bulk Handling Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) to Peabody (Willkie Creek) Pty Limited for coal port services. The amounts invoiced to Peabody are the subject of an action in the Supreme Court of Queensland brought by QBH. An initial decision in favour of QBH was handed down on 27 February 2015. A subsequent appeal by Peabody has been heard on 30 July 2015 and judgement has been reserved. At the date of this report, all amounts invoiced are considered to be recoverable.

b. Other receivables

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

c. Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

d. Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Information about the Group's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 2.

12. CURRENT ASSETS - Inventories

Coal stocks at cost	33,482	30,160
Raw materials and stores at cost	24,131	26,359
	<u>57,613</u>	<u>56,519</u>

a. Inventory expense

Inventories recognised as an expense during the year ended 31 July 2015 amounted to \$200,357,000 (2014 - \$225,616,000).

Write-downs of inventory to net realisable value recognised as an expense during the year amounted to \$480,000 (2014 - \$585,000)

13. CURRENT ASSETS - Held to maturity investments

Term Deposits	1,040,480	1,067,241
	<u>1,040,480</u>	<u>1,067,241</u>

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 2.77% (2014 - 3.44%). 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 2.

14. CURRENT ASSETS - Other

Security deposits	369	271
	<u>369</u>	<u>271</u>

15. NON-CURRENT ASSETS - Receivables

Prepayments	213	729
Other receivables	1,816	1,847
	<u>2,029</u>	<u>2,576</u>

15. NON-CURRENT ASSETS - Receivables (continued)

a. Interest rate risk

In both the current and prior year all non-current receivables are non-interest bearing.

b. Fair value of receivables

The fair value of receivables approximates their carrying amounts. None of the non-current receivables are impaired or past due but not impaired.

16. ASSETS - Available for sale and Held for sale financial assets

a. CURRENT ASSETS - Held for sale financial assets

	2015	2014
	\$000	\$000
Listed securities		
Equity securities	-	27,183
	<u>-</u>	<u>27,183</u>

It is noted that the 2014 Held for sale financial assets relate to the reclassification during the prior year of equity securities held in Dart Energy Limited.

b. NON-CURRENT ASSETS - Available for sale financial assets

Listed securities		
Equity securities	7,983	2,253
Unlisted securities		
Equity securities	3	3
	<u>7,986</u>	<u>2,256</u>

During the year equity securities held were impaired by \$17,558,000 (2014 - \$nil).

17. NON-CURRENT ASSETS - Property, plant and equipment

Land and buildings - non-mining

Freehold land at cost	1,049	1,049
Buildings at cost	13,448	10,158
Accumulated depreciation and impairment	(4,988)	(1,754)
	<u>8,460</u>	<u>8,404</u>
Leasehold improvements	419	419
Accumulated depreciation	(320)	(200)
	<u>99</u>	<u>219</u>
Total land and buildings - non-mining	<u>9,608</u>	<u>9,672</u>

Land and buildings - held for mining

Freehold land at cost	153,051	141,729
Buildings at cost	4,918	4,680
Accumulated depreciation	(909)	(779)
	<u>4,009</u>	<u>3,901</u>
Total land and buildings - held for mining	<u>157,060</u>	<u>145,630</u>

Plant and equipment

Plant and equipment at cost	603,145	567,088
Accumulated depreciation and impairment	(360,606)	(295,646)
	<u>242,539</u>	<u>271,442</u>

Motor vehicles

Motor vehicles at cost	6,665	6,392
Accumulated depreciation	(4,503)	(4,197)
	<u>2,162</u>	<u>2,195</u>

	2015 \$000	2014 \$000
17. NON-CURRENT ASSETS - Property, plant and equipment (continued)		
Mining reserves and leases*		
Mining reserves and leases at cost	10,344	9,813
Accumulated amortisation	<u>(8,664)</u>	<u>(8,180)</u>
	1,680	1,633
Mine properties, mine development		
Mine properties, mine development at cost	72,676	63,738
Accumulated amortisation	<u>(54,728)</u>	<u>(50,655)</u>
	17,948	13,083
Oil producing assets		
Oil producing assets at cost	104,832	94,113
Accumulated amortisation and impairment	<u>(57,488)</u>	<u>(3,039)</u>
	47,344	91,074
Plant and equipment under construction	<u>23,772</u>	<u>31,785</u>
Total Property, plant and equipment	<u>502,113</u>	<u>566,514</u>
Reconciliations		
Land and buildings - non-mining		
Carrying amount at beginning of year	9,672	9,184
Additions	68	188
Disposals	-	-
Depreciation	(487)	(431)
Impairment - Coal to liquids facility (i)	(2,867)	-
Transfers in/(out)	3,222	731
Carrying amount at end of year	<u>9,608</u>	<u>9,672</u>
Land and buildings - held for mining		
Carrying amount at beginning of year	145,630	137,264
Additions	11,560	9,087
Disposals	-	(12)
Depreciation	(130)	(126)
Transfers in/(out)	-	(583)
Carrying amount at end of year	<u>157,060</u>	<u>145,630</u>
Plant and equipment		
Carrying amount at beginning of year	271,442	299,230
Additions	22,547	21,457
Disposals	(133)	(70)
Depreciation	(50,563)	(50,952)
Impairment - Coal to liquids facility (i)	(21,400)	-
Transfers in/(out)	20,646	1,777
Carrying amount at end of year	<u>242,539</u>	<u>271,442</u>
Motor vehicles		
Carrying amount at beginning of year	2,195	3,019
Additions	1,156	709
Disposals	(179)	(340)
Depreciation	(1,025)	(1,214)
Transfers in/(out)	15	21
Carrying amount at end of year	<u>2,162</u>	<u>2,195</u>

(i) It has become evident that the carrying value of the proof of concept plant is significantly more than the likely economic value of the plant and as such a decision was taken by the Directors to impair the carrying value of the asset.

* See note 18 for information on reserves reclassified to Exploration and evaluation - mining reserves acquired.

17. NON-CURRENT ASSETS - Property, plant and equipment (continued)	2015	2014
Reconciliations (continued)	\$000	\$000
Mining reserves and leases		
Carrying amount at beginning of year	1,633	4,513
Additions	530	-
Amortisation	(483)	(534)
Transfers in/(out)	-	(2,346)
Carrying amount at end of year	<u>1,680</u>	<u>1,633</u>
Mine properties and mine development		
Carrying amount at beginning of year	13,083	11,663
Additions	8,937	2,039
Amortisation	(4,072)	(2,965)
Transfers in/(out)	-	2,346
Carrying amount at end of year	<u>17,948</u>	<u>13,083</u>
Oil producing assets		
Carrying amount at beginning of year	91,074	61,432
Additions	11,208	32,429
Amortisation	(2,993)	(1,988)
Impairment	(51,456)	(900)
Transfers in/(out)	(489)	101
Carrying amount at end of year	<u>47,344</u>	<u>91,074</u>
Plant and equipment under construction		
Carrying amount at beginning of year	31,785	19,248
Additions	15,424	16,482
Transfers in/(out)	(23,437)	(3,945)
Carrying amount at end of year	<u>23,772</u>	<u>31,785</u>
18. NON-CURRENT ASSETS - Exploration and evaluation		
Exploration and evaluation at costs capitalised	120,219	105,332
Exploration and evaluation - mining reserves acquired	256,901	218,484
	<u>377,120</u>	<u>323,816</u>
Reconciliation		
Carrying amount at beginning of year	323,816	295,694
Additions	53,431	29,769
Impairment of assets	-	(3,465)
Transfers in/(out)	(127)	1,818
Carrying amount at end of year	<u>377,120</u>	<u>323,816</u>

During the current year, mining reserve assets acquired in prior periods, which relate to exploration programs rather than coal mining operations, have been reclassified from 'Property, plant and equipment - mining reserves and leases' (Note 17) to 'Exploration and evaluation - mining reserves acquired' (note 18). The total amount reclassified is \$218,484,000. This reclassification has been made to provide clearer and more relevant disclosure in the financial statements regarding the Group's exploration and evaluation assets. There has been no change in the accounting policy relating to Exploration and evaluation assets.

The prior year comparatives have also been adjusted to ensure consistent classification between years. The impact of this reclassification on the prior year comparatives is:

- Mining reserves and leases (note 17) as at 31 July 2014 has reduced from \$220,117,000 to \$1,633,000
- Exploration and evaluation - mining reserves acquired (note 18) as at 31 July 2014 has increased from \$nil to \$218,484,000
- Total Exploration and evaluation assets (note 18) as at 31 July 2014 has increased from \$105,332,000 to \$323,816,000

19. NON-CURRENT ASSETS - Deferred tax assets	2015	2014
The balance comprises temporary differences attributed to :	\$000	\$000
Amounts recognised in profit and loss		
Accrued expenses	704	904
Employee benefits	8,854	8,562
Mine site rehabilitation provision	18,736	15,788
Property plant and equipment	696	-
Arising on Petroleum resource rent tax	3,574	2,614
Tax losses	8,315	9,321
Other	74	221
	<u>40,953</u>	<u>37,410</u>
Amounts recognised directly in equity		
Cash flow hedges	6,943	242
Set-off of deferred tax liabilities pursuant to set-off provisions (note 23)	<u>(47,896)</u>	<u>(37,652)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
Movements		
Carrying amount at beginning of year	37,652	49,182
Credited/(charged) to the income statement (note 8(b))	3,543	656
(Credited)/charged to equity	6,701	(12,186)
Carrying amount at end of year	<u>47,896</u>	<u>37,652</u>
Deferred tax assets to be recovered after more than 12 months	29,790	27,186
Deferred tax assets to be recovered within 12 months	18,106	10,466
	<u>47,896</u>	<u>37,652</u>

19 a Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

Tax losses (Capital)	10,068	-
PRRT (net of income tax)	17,586	-
Temporary differences associated with available for sale financial assets	7,409	11,104
	<u>35,064</u>	<u>11,104</u>

The 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.

20. NON-CURRENT ASSETS - Intangibles

Software		
Software at cost (i)	13,224	12,853
Accumulated amortisation	<u>(11,359)</u>	<u>(9,996)</u>
	<u>1,865</u>	<u>2,857</u>
Goodwill		
Goodwill at cost	17,867	22,024
	<u>17,867</u>	<u>22,024</u>
Total Intangibles	<u>19,732</u>	<u>24,881</u>

20. NON-CURRENT ASSETS - Intangibles (continued)

	2015	2014
Reconciliation	\$000	\$000
Software (i)		
Carrying amount at beginning of year	2,857	3,939
Additions	264	463
Transfers in/(out)	170	80
Amortisation (ii)	(1,426)	(1,625)
Carrying amount at end of year	<u>1,865</u>	<u>2,857</u>

(i) Software includes capitalised development costs, being an intangible asset.

(ii) Amortisation is included in cost of sales in profit or loss.

Goodwill (i)		
Carrying amount at beginning of year	22,024	22,024
Impairment of goodwill (a)	(4,157)	-
Carrying amount at end of year	<u>17,867</u>	<u>22,024</u>

(i) Brought forward goodwill relates to the acquisition of Queensland Bulk Handling Pty Ltd (\$5,596,000), Northern Energy Corporation Limited (NEC)(\$12,271,000) and Bridgeport Energy Limited (\$4,157,000).

(a) Impairment of goodwill and oil producing assets

The Group has determined that the significant decline in global oil prices and resultant reduction in reserve estimates in Cooper Basin assets indicate the carrying value of goodwill arising on the Bridgeport acquisition and certain oil producing assets may be impaired.

The Group has classified its Cooper Basin assets as separate Cash Generating Units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal (FVLCD) method with all fair value measurements categorised as Level 3 in the fair value hierarchy. All CGU are included in the Oil and Gas segment.

The Group has estimated the future cash flows of each CGU making assumptions in respect of key variables including: economically recoverable reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and future development costs necessary to produce the reserves. The commodity price and foreign exchange assumptions have been based on consensus market data in the range of oil prices of USD62-USD91 (before escalation) and AUD/USD exchange rates of 0.75-0.93. The future cashflows have been discounted using an after tax discount rate of 10% (31 July 2014: 10%). The recoverable amount and impairment loss calculated under the FVLCD method of the CGUs determined to be impaired are:

	Recoverable amount	Impairment loss
Cooper Basin PL98	12,869	51,410
Cooper Basin PL214	6,719	1,545
Cooper Basin PL24-26, 35, 36,62, 76-79, 82, 87, 105, 107, 109, 133, 149, 175, 181, 182, 189 and 302	(277)	1,613
Cooper Basin PL15	-	1,045
	<u>19,311</u>	<u>55,613</u>

The total impairment loss of \$55,613,000 constitutes \$4,157,000 of goodwill and \$51,456,000 of Oil producing assets.

b) Impairment assessment

The recoverable amount of the CGU to which NEC goodwill is attributable has been based on FVLCD. 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. The transaction multiples observed have included recent transactions only and included similar Australian coal exploration projects, with respect of coal type to the CGU's assets.

The recoverable amount of the QBH cash generating units has been based on value in use calculations using discounted cashflow model. The future cashflows have been discounted using a post tax rate of 10% (31 July 2014: 10%).

	2015	2014
	\$000	\$000
21. CURRENT LIABILITIES - Accounts payable		
Trade payables and accruals	42,512	42,504
	<u>42,512</u>	<u>42,504</u>
22. CURRENT LIABILITIES - Financing Arrangements		
a. Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
Other facilities (i)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Used at balance date		
Other facilities	75,899	63,936
	<u>75,899</u>	<u>63,936</u>
Unused at balance date		
Other facilities	24,101	36,064
	<u>24,101</u>	<u>36,064</u>
(i) Other facilities are only in relation to bank guarantees which are secured by term deposits.		
b. Guarantees		
The parent entity has given unsecured guarantees in respect of:		
(i) Mining restoration and rehabilitation	50,836	39,054
The liability has been recognised by the consolidated entity in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers	25,063	24,882
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.		
23. NON-CURRENT LIABILITIES - Deferred tax liabilities		
The balance comprises temporary differences attributed to:		
Amounts recognised in profit and loss		
Other accounts receivable	382	379
Inventories	6,933	7,185
Capitalised exploration	89,400	85,762
Property, plant and equipment	-	18,566
Mine reserves	345	490
Other	3,862	3,307
	<u>100,922</u>	<u>115,689</u>
Amounts recognised directly in other comprehensive income		
Property, plant and equipment	7,160	7,160
	<u>7,160</u>	<u>7,160</u>
Total deferred tax liabilities	<u>108,082</u>	<u>122,849</u>
Set-off of deferred tax assets pursuant to set-off provisions (note 19)	<u>(47,896)</u>	<u>(37,652)</u>
Net deferred tax liabilities	<u>60,186</u>	<u>85,197</u>
Movements		
Carrying amount at beginning of year	122,849	116,915
Charged/(credited) to the income statement (note 8(b))	<u>(14,767)</u>	<u>5,934</u>
Carrying amount at end of year	<u>108,082</u>	<u>122,849</u>
Deferred tax liabilities to be settled after more than 12 months	100,475	115,092
Deferred tax liabilities to be settled within 12 months	7,607	7,757
	<u>108,082</u>	<u>122,849</u>

	2015	2014
	\$000	\$000
24. CURRENT LIABILITIES - Provisions		
Employee benefits (b and c)	27,278	25,084
Mining restoration and rehabilitation (note 1(ac))	4,847	2,904
Native title claim	137	137
	<u>32,262</u>	<u>28,125</u>
a. Mining restoration and rehabilitation		
Current	4,847	2,904
Non-current	56,346	49,582
	<u>61,193</u>	<u>52,486</u>
Movements		
Carrying amount at beginning of year	52,486	48,508
Additional provision capitalised	8,624	4,480
Additional provision charged/(credited) to profit and loss	(2,348)	(2,295)
Charged to profit and loss - unwinding of discount	2,431	1,793
Carrying amount at end of year	<u>61,193</u>	<u>52,486</u>
b. Amounts not expected to be settled within the next 12 months		
Long service leave obligations expected to be settled after 12 months	7,187	6,414

c. 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.

25. NON-CURRENT LIABILITIES - Provisions

Employee benefits	3,341	3,310
Mining restoration and rehabilitation (note 1(ac))	56,346	49,582
Native title claim	10	10
	<u>59,697</u>	<u>52,902</u>

26. 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 New Hope Corporation Employee Performance Rights Share Plan, including details of rights granted, vested and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in note 36.

	2015	2015	2014	2014
	No. of shares	\$000	No. of shares	\$000
c. Share Capital				
Issued and paid up capital	<u>830,999,449</u>	<u>95,444</u>	<u>830,933,112</u>	<u>95,119</u>

26. CONTRIBUTED EQUITY (continued)**d. Movements in share capital**

Date	Details	Number of	Issue	\$000
1 August 2013	Opening Balance	830,563,352		93,342
1 August 2013	Vesting of performance rights	151,873	\$0.0000	-
1 December 2013	Vesting of performance rights	52,317	\$0.0000	-
1 January 2014	Vesting of performance rights	52,317	\$0.0000	-
31 January 2014	Vesting of performance rights	113,253	\$0.0000	-
31 July 2014	Transfer from SBP reserve to Equity (note 27(a))			1,777
31 July 2014	Balance	830,933,112		95,119
1 August 2014	Vesting of performance rights	66,337	\$0.0000	-
31 July 2015	Transfer from SBP reserve to Equity (note 27(a))			325
31 July 2015	Balance	830,999,449		95,444

e. Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or source debt to fund growth projects.

	Note	2015 \$000	2014 \$000
27. RESERVES			
a. Reserves			
Capital profits		1,343	1,343
Available for sale/Held for sale investments revaluation		(355)	4,690
Property, plant and equipment revaluation		27,412	27,412
Hedging		(16,130)	(565)
Share-based payment		391	549
Premium paid on non-controlling interest acquisition		(6,029)	(6,029)
		<u>6,632</u>	<u>27,400</u>
Movements			
Capital profits			
Carrying amount at beginning of year		1,343	1,343
Carrying amount at end of year		<u>1,343</u>	<u>1,343</u>
Available for sale/Held for sale investments revaluation			
Carrying amount at beginning of year		4,690	644
Revaluation - gross		(5,045)	4,046
Revaluation - deferred tax	8(d)	-	-
Carrying amount at end of year		<u>(355)</u>	<u>4,690</u>
Property, plant and equipment revaluation			
Carrying amount at beginning of year		27,412	27,412
Carrying amount at end of year		<u>27,412</u>	<u>27,412</u>
Hedging			
Carrying amount at beginning of year		(565)	(29,000)
Transfer to net profit - gross		25,935	19,940
Transfer to net profit - deferred tax	8(d)	(7,710)	(5,982)
Revaluation - gross		(48,271)	20,681
Revaluation - deferred tax	8(d)	14,481	(6,204)
Carrying amount at end of year		<u>(16,130)</u>	<u>(565)</u>

27. RESERVES (continued)

a. Reserves (continued)	Note	2015 \$000	2014 \$000
<i>Share-based payment</i>			
Carrying amount at beginning of year		549	1,642
Share based payment expense	30(a)	167	684
Transfer to contributed equity	26(d)	(325)	(1,777)
Carrying amount at end of year		<u>391</u>	<u>549</u>
<i>Premium paid on non-controlling interest acquisition</i>			
Carrying amount at beginning of year		<u>(6,029)</u>	<u>(6,029)</u>
Carrying amount at end of year		<u>(6,029)</u>	<u>(6,029)</u>

Nature and purpose of reserves

Capital profits

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

Available for sale investments revaluation

Changes in the fair value of investments classified as available for sale financial assets are taken to this reserve, as described in note 1(n). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Property, plant and equipment revaluation

This reserve represents the revaluation arising on the fair value uplift of property, plant and equipment on the initial holding of Queensland Bulk Handling Pty Ltd 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 1(o). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share based payment reserve

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

Premium paid on non-controlling interest acquisition

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

	2015 \$000	2014 \$000
b. Retained profits		
Carrying amount at beginning of year	1,851,289	1,925,767
Net profit after income tax	(21,820)	58,450
Dividends paid (note 9)	(78,944)	(132,928)
Carrying amount at end of year	<u>1,750,525</u>	<u>1,851,289</u>

28. CONTINGENT LIABILITIES

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

Controlled entities

The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.

15,968 14,832

The bankers of the consolidated entity have issued undertakings and guarantees in relation to stages 1 and 2 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.

9,095 10,050

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

29. COMMITMENTS

a. Capital commitments	2015	2014
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:	\$000	\$000
Property plant and equipment		
Within one year	7,002	10,014
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>7,002</u>	<u>10,014</u>

b. Lease commitments: Group as lessee*(i)* Non-cancellable operating leases

The Group leases port facilities under non-cancellable operating leases expiring within five to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

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

Within one year	4,081	4,249
Later than one year but not later than five years	18,105	18,554
Later than five years	41,321	48,847
	<u>63,507</u>	<u>71,650</u>

30. KEY MANAGEMENT PERSONNEL DISCLOSURES**a. 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 P.R. Robinson (retired 31 March 2015)

Mr D.J. Fairfull

Mr W.H. Grant

Ms S.J. Palmer

Mr I.M. Williams

Mr T.J. Barlow (Appointed 22 April 2015)

Executive Directors

Mr S.O. Stephan Promoted from Chief Executive Officer to Managing Director 20/11/2014

b. 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 Appointed to the Board 20/11/2014	New Hope Corporation Limited
Mr B.D. Denney	Chief Operations Officer	New Hope Corporation Limited
Mr M.J. Busch	Chief Financial Officer	New Hope Corporation Limited

	2015	2014
	\$	\$
30. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)		
c. Key management personnel compensation		
Short-term employee benefits	3,508,417	5,244,738
Long-term employee benefits	34,520	127,342
Post employment benefits	142,588	147,984
Termination benefit	-	176,315
Share based payment	167,087	683,975
	<u>3,852,612</u>	<u>6,380,354</u>

Detailed remuneration disclosures can be found in sections (a) to (j) of the remuneration report on pages 14 to 22.

d. Other transactions of key management personnel

Mr R.D. Millner, Mr P.R. Robinson and T.J. Barlow are Directors 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 2015 and 2014 financial years. All transactions are at normal commercial terms. Mr Robinson was also a Director of Pitt Capital Partners until his retirement on 31 March 2015.

Mr K.P. Standish is a Director of certain subsidiaries of New Hope Corporation Limited. Mr Standish is a partner in the firm Campbell Standish Partners Solicitors which has provided legal services to New Hope Corporation Limited and its subsidiaries for several years. All transactions are at normal commercial terms.

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

	2015	2014
	\$	\$
Legal advice	1,594,269	1,013,354
Financial advice	379,269	409,627

e. Loans to key management personnel

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

31. 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 2015 owned 59.65% (2014 - 59.66%) of the issued ordinary shares of New Hope Corporation Limited.

b. Key management personnel

Disclosures relating to key management personnel are set out in note 30.

	2015	2014
	\$	\$
c. Transactions with related parties		
Reimbursement of travel related expenses paid to Australian controlling entity (WHSP)	12,251	-
Dividends paid to ultimate Australian controlling entity (WHSP)	47,091,160	79,311,427

d. 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.

e. Terms and conditions

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

32. REMUNERATION OF AUDITORS	2015	2014
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:	\$	\$
a. Audit services		
Audit and review of financial reports and other audit work under the Corporations Act		
Deloitte Touche Tohmatsu (Australian firm)	240,000	-
PricewaterhouseCoopers (Australian firm)	-	448,066
Other audit firms for the audit or review of financial reports of any entity in the Group	-	1,045
Total remuneration for audit services	<u>240,000</u>	<u>449,111</u>
b. Other services		
Deloitte Touche Tohmatsu (Australian firm)	-	-
Audit of joint ventures	23,000	-
PricewaterhouseCoopers Australian firm		
Transaction tax and advisory services	-	435,664
General advisory services	-	56,920
Tax compliance services	-	94,907
Tax compliance services - MRRT	-	1,500
Tax compliance services - PRRT	-	43,354
Research and development compliance services	-	223,534
Total remuneration for other services	<u>23,000</u>	<u>855,879</u>
Total auditors' remuneration	<u>263,000</u>	<u>1,304,990</u>
33. RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX	2015	2014
	\$000	\$000
Profit/(loss) after income tax	(21,821)	58,449
Depreciation and amortisation	61,181	59,835
Non-cash employee benefit expense - share based payments	167	684
Impairment of non current assets	24,267	-
Impairment costs of goodwill	4,157	-
Impairment costs of available for sale assets	17,558	-
Impairment costs of oil producing assets	51,456	4,365
Net foreign exchange (gain)/loss	(2,881)	1,157
Net profit on sale of held for sale assets	(1,151)	(17,382)
Net profit on sale of non-current assets	(26)	(102)
Investment interest income	(35,421)	(40,905)
Income taxes paid	(6,929)	(29,935)
Income tax expense in accounts	(2,888)	12,598
Changes in operating assets and liabilities		
(Increase)/decrease in debtors	(33)	10,857
Increase/(decrease) in creditors	(84)	(6,143)
(Increase)/decrease in other receivables	92	1,762
(Increase)/decrease in other assets	546	200
(Increase)/decrease in inventories	(1,094)	2,154
Increase/(decrease) in provisions and employee entitlements	1,541	4,244
(Increase)/decrease in prepayments	(182)	2,474
Net cash provided by operating activities	<u>88,455</u>	<u>64,312</u>

Non cash transaction: Under a scheme of arrangement, the company received IGas Energy plc shares to the value of \$23,643,000 in exchange for its shares in Dart Energy Limited.

	Earning per share (cents)	
	2015	2014
34. EARNINGS PER SHARE		
a. Basic earnings per share from continuing operations attributable to ordinary equity holders of the Company	(2.6)	7.0
b. Diluted earnings per share from continuing operations attributable to ordinary equity holders of the Company	(2.6)	7.0
	Basic and Diluted	
	2015	2014
	\$000	\$000
c. Reconciliation of adjusted profits		
Profit/(loss) from continuing operations attributable to the ordinary	(21,820)	58,450
	Consolidated	
	2015	2014
d. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares (basic)	830,999,449	830,836,913
Rights	167,423	244,641
Weighted average number of ordinary shares (diluted)	<u>831,166,872</u>	<u>831,081,554</u>
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 36.		
	2015	2014
	\$000	\$000
35. DERIVATIVE FINANCIAL INSTRUMENTS		
NON-CURRENT ASSETS		
Forward foreign exchange contracts	-	2,447
CURRENT LIABILITIES		
Forward foreign exchange contracts	23,144	3,255
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts	-	-

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. These instruments are used in accordance with the Group's financial risk management policies (refer to note 2).

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group reclassifies the gain or loss into the income statement.

At balance date these contracts represented a liability with a fair value of \$23,144,000 (2014 - liability with a fair value of \$808,000).

At balance date the details of outstanding contracts are:

Maturity	Sell US Dollars		Average exchange rate	
	Buy Australian Dollars		2015	2014
	2015	2014		
	\$000	\$000		
0 to 6 months	82,116	93,974	0.84027	0.95771
6 to 12 months	84,188	42,242	0.80771	0.92325
1 to 2 years	-	45,954	-	0.84867
2 to 5 years	-	-	-	-
	<u>166,305</u>	<u>182,170</u>		

35. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**b. Credit risk exposures**

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date \$166,305,000 (2014 - \$182,170,000) was receivable (AUD equivalents).

36. SHARE-BASED PAYMENTS

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 conditions. Service conditions applicable to each issue of rights are determined by the board at the time of grant. Total expense arising from rights issued under the Rights Plan during the financial year was \$167,000 (2014 - \$684,000).

Rights

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

	2015		2014	
	Average price per share	Number of rights	Average price per share	Number of rights
As at 1 August	\$4.694	148,442	\$4.774	518,202
Granted during the year	\$1.581	134,229	-	-
Vested during the year	\$5.047	(66,337)	\$4.806	(369,760)
As at 31 July	\$2.696	<u>216,334</u>	\$4.694	<u>148,442</u>

The weighted average share price at the date of exercise of rights vested during the 2015 year was \$2.95 (2014 - \$3.56).

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

Grant Date	Vesting Date	Value of Right at Grant Date	Share rights	
			2015	2014
27 Oct 2011	1 Aug 2014	\$5.950	-	15,060
17 Dec 2011	1 Aug 2014	\$5.840	-	20,447
17 Dec 2011	1 Aug 2015	\$5.840	20,447	20,447
17 Dec 2012	1 Aug 2014	\$4.080	-	30,830
17 Dec 2012	1 Aug 2015	\$4.080	30,830	30,830
17 Dec 2012	1 Aug 2016	\$4.080	30,828	30,828
12 Dec 2014	1 Aug 2017	\$1.581	134,229	-
Total			<u>216,334</u>	<u>148,442</u>

Weighted average remaining contractual life of rights outstanding at end of period

1.4 years 0.8 years

37. INVESTMENTS**a. Associates**

The company has \$nil investment in associate companies

b. Subsidiaries

Significant New Hope 100% owned subsidiaries are as per note 40. In addition, the company also holds 100% ownership in Bridgeport Energy Ltd and Northern Energy Corporation Pty Ltd.

38. INTERESTS IN JOINT OPERATIONS**a. Lenton Joint Venture**

A subsidiary of New Hope Corporation Limited has entered into a joint operation to develop the Lenton project. The subsidiary has a 90% participating interest in this joint venture and is entitled to 90% of the output of the Lenton project. The Group's interests employed in the joint operations are included in the balance sheet, in accordance with the accounting policy described in note 1(b).

b. Yamala Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a joint operation to develop the Lenton project. The subsidiary has an 17% participating interest in this joint venture and is entitled to 17% of the output of the Lenton project. The Group's interests employed in the joint operations are included in the balance sheet, in accordance with the accounting policy described in note 1(b).

c. Utopia Joint Venture

A subsidiary of New Hope Corporation Limited has a 60% interest in the Utopia Joint Venture. The principal activity of this joint operation is to extract oil from PL214 of which the subsidiary is entitled to 60% of the output. The joint venture also conducts oil exploration on ATP560 of which the subsidiary is entitled to 60% of the output. The Group's interests in the joint operation are included in the balance sheet in accordance with the accounting policy described in note 1(b).

d. Cuisinier Joint Venture

During the 2014 financial year, a subsidiary of New Hope Corporation Limited entered into a joint operation in relation to the Cuisinier project. The principal activity of this joint operation is to extract oil from PL303. This project also includes the Barta project which conducts oil exploration on ATP752 Barta and the Wompi project which conducts oil exploration on ATP752 Wompi. The subsidiary has a 15% participating interest in the Cuisinier and Barta projects and 17.5% in the Wompi project and is entitled to 15% and 17.5% of the output respectively. The Group's interests in the joint operation are included in the balance sheet in accordance with the accounting policy described in note 1(b).

39. PARENT ENTITY FINANCIAL INFORMATION	2015	2014
a. Summary financial information	\$000	\$000
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance Sheet		
Current assets	2,202,683	2,097,438
Non-current assets	28,647	55,820
Total assets	<u>2,231,330</u>	<u>2,153,258</u>
Current liabilities	815,607	718,273
Non-current liabilities	3,770	989
Total liabilities	<u>819,377</u>	<u>719,262</u>
<i>Shareholders' equity</i>		
Issued capital	95,444	95,119
Reserves		
Share-based payment	391	549
Retained earnings	1,316,118	1,338,328
	<u>1,411,953</u>	<u>1,433,996</u>
Profit for the year	<u>56,735</u>	<u>48,054</u>
Total comprehensive income	<u>56,735</u>	<u>48,054</u>
b. Guarantees entered into by parent entity		
Bank guarantees issued in relation to rehabilitation and utility obligations	<u>50,836</u>	<u>39,054</u>
	<u>50,836</u>	<u>39,054</u>

The parent entity has given unsecured guarantees in respect of mining restoration and rehabilitation. The liability has been recognised in the consolidated accounts of the parent entity in relation to its rehabilitation obligations. See notes 24, 25 and 1(ab).

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

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:

	2015	2014
	\$000	\$000
<i>Controlled entities</i>		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	15,968	14,832

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

For information about guarantees given by the parent entity, please see above.

d. Contractual commitments for the acquisition of property, plant and equipment

As at 31 July 2015, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$Nil (2014 - \$3,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

40. DEED OF CROSS GUARANTEE

During 2012, a number of entities within the Group entered into a deed of cross guarantee. New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral Co. Pty Ltd, 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 the Australian Securities and Investments Commission.

a. Consolidated statement of comprehensive income

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

Set out below is the consolidated statement of comprehensive income for the year ended 31 July 2015 for the closed group consisting of New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral Co. Pty Ltd, 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.

	2015	2014
	\$000	\$000
Revenue from continuing operations	491,625	548,695
Other income	185	114
	<u>491,810</u>	<u>548,809</u>
Expenses		
Cost of sales	(261,778)	(340,235)
Marketing and transportation	(137,164)	(134,743)
Administration	(7,847)	(12,208)
Other expenses	-	-
Profit before income tax	<u>85,021</u>	<u>61,623</u>
Income tax expense	(24,756)	(19,338)
Profit after income tax for the year	<u>60,265</u>	<u>42,285</u>
Other comprehensive income		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	(33,790)	14,477
Transfer to profit and loss for cash flow hedges, net of tax	18,225	13,958
Other comprehensive income for the year, net of tax	<u>(15,565)</u>	<u>28,435</u>
Total comprehensive income for the year	<u>44,700</u>	<u>70,720</u>

40. DEED OF CROSS GUARANTEE (continued)**b. Consolidated balance sheet**

Set out below is a consolidated balance sheet as at 31 July 2015 of the closed group consisting of New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral Co. Pty Ltd, 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.

	2015	2014
	\$000	\$000
Current assets		
Cash and cash equivalents	23,348	50,244
Trade and other receivables	459,849	355,031
Inventories	57,447	56,393
Held to maturity investments	1,010,267	1,066,922
Other	105	62
Total current assets	<u>1,551,016</u>	<u>1,528,652</u>
Non-current assets		
Receivables	2,029	2,576
Other financial assets	248,183	248,183
Derivative financial instruments	-	2,447
Property, plant and equipment	376,808	381,994
Exploration and evaluation assets	47,104	40,540
Deferred tax assets	14,004	32,351
Intangible assets	7,223	8,204
Total non-current assets	<u>695,351</u>	<u>716,295</u>
Total assets	<u>2,246,367</u>	<u>2,244,947</u>
Current liabilities		
Trade and other payables	130,852	108,169
Current tax liabilities	20,481	40,641
Provisions	31,128	26,733
Derivative financial instruments	23,143	3,255
Total current liabilities	<u>205,604</u>	<u>178,798</u>
Non-current liabilities		
Provisions	49,367	44,916
Total non-current liabilities	<u>49,367</u>	<u>44,916</u>
Total liabilities	<u>254,971</u>	<u>223,714</u>
Net assets	<u><u>1,991,396</u></u>	<u><u>2,021,233</u></u>
Equity		
Contributed equity	91,348	91,023
Reserves	20,731	36,453
Retained earnings	1,879,317	1,893,757
Total equity	<u><u>1,991,396</u></u>	<u><u>2,021,233</u></u>

41. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no significant events after balance sheet date

DIRECTORS' DECLARATION

In the Directors' opinion:

- a. the financial statements and notes set out on pages 26 to 70 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 2015 and of their performance, for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts, as and when they become due and payable; and

Note 1(a) 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 39 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

R.D. Millner
Director

S.J. Palmer
Director

Sydney
21 September 2015



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Independent auditor's report to the members of New Hope Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of New Hope Corporation Limited, which comprises the consolidated balance sheet as at 31 July 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 71.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Hope Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited*



Opinion

In our opinion:

- (a) the financial report of New Hope Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the directors' report for the year ended 31 July 2015. 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.

Opinion

In our opinion the Remuneration Report of New Hope Corporation Limited for the year ended 31 July 2015, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants
Sydney, 21 September 2015

SHAREHOLDER INFORMATION

AS AT 18 SEPTEMBER 2015

As at 18 September 2015 there were 7,562 holders of ordinary shares in the Company.

Voting entitlement is one vote per fully paid ordinary share.

Distribution of equity securities	Number of shareholders	Fully paid ordinary shares	Number of rights holders	Ordinary rights
1 - 1,000	1,914	964,900	-	-
1,001 - 5,000	2,793	8,255,146	-	-
5,001 - 10,000	1,693	11,981,676	-	-
10,001 - 100,000	1,076	27,570,878	3	216,334
100,001 and over	86	782,278,126	-	-
	<u>7,562</u>	<u>831,050,726</u>	<u>3</u>	<u>216,334</u>
Holding less than a marketable parcel	715	93,517		

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

Shareholder	Number of shares	%
Washington H Soul Pattinson And Company Limited	495,696,418	59.65%
Mitsubishi Materials Corporation	91,490,000	11.01%
Perpetual Limited and subsidiaries	86,653,797	10.43%

20 largest shareholders as disclosed on the share register as at 18 September 2015

1	Washington H Soul Pattinson And Company Limited	495,696,418	59.65%
2	Mitsubishi Materials Corporation	93,240,000	11.22%
3	J P Morgan Nominees Australia Limited	28,200,416	3.39%
4	RBC Investor Services Australia Nominees Pty Limited (Pi Pooled A/C)	24,773,517	2.98%
5	HSBC Custody Nominees (Australia) Limited	17,845,348	2.15%
6	Farjoy Pty Ltd	15,500,000	1.87%
7	Domer Mining Co Pty Limited	15,000,000	1.80%
8	BKI Investment Company Limited	14,810,452	1.78%
9	UBS Nominees Pty Ltd	13,021,159	1.57%
10	Citicorp Nominees Pty Limited	9,931,133	1.20%
11	BNP Paribas Noms Pty Ltd (Drp)	8,196,898	0.99%
12	National Nominees Limited	5,972,168	0.72%
13	Taiheiyō Kouhatsu Inc	4,054,000	0.49%
14	BNP Paribas Nominees Pty Ltd (Agency Lending Drp A/C)	3,940,670	0.47%
15	RBC Investor Services Australia Nominees Pty Limited (PIIC A/C)	2,260,705	0.27%
16	J S Millner Holdings Pty Limited	2,109,197	0.25%
17	RBC Investor Services Australia Nominees Pty Limited (Piselect)	2,098,281	0.25%
18	Robert Charles Neale	1,950,000	0.23%
19	UBS Nominees Pty Ltd	1,510,521	0.18%
20	RBC Investor Services Australia Nominees Pty Ltd (Picredit)	1,404,193	0.17%
		<u>761,515,076</u>	<u>91.63%</u>

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	216,334	3





NEW HOPE
GROUP

ABN: 38 010 653 844