ABN: 38 010 653 844

NEW HOPE
GROUP

2016 Annual Report

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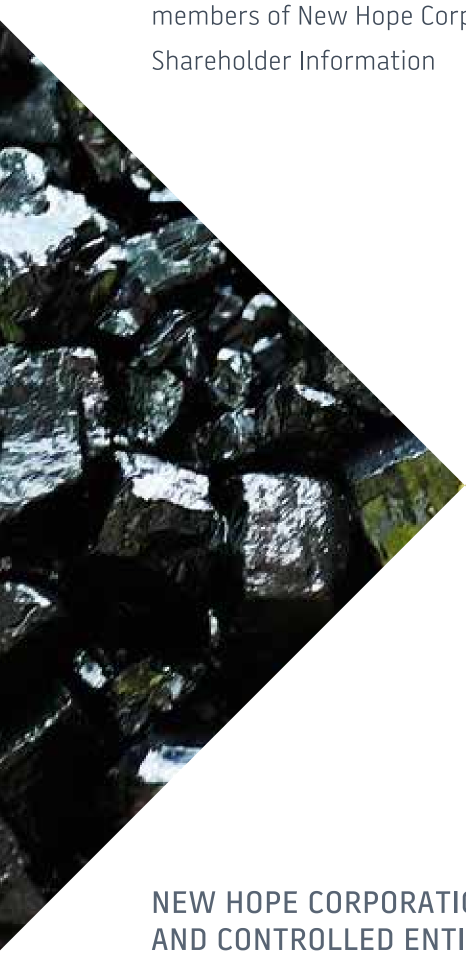

NEW HOPE CORPORATION LIMITED AND CONTROLLED ENTITIES
CORPORATE DIRECTORY

DIRECTORS

Robert D. Millner
Chairman of Directors

Todd J. Barlow
Non Executive Director

William H. Grant
Non Executive Director

Thomas C. Millner
Non Executive Director

Sue J. Palmer
Non Executive Director

Ian M. Williams
Non Executive Director

MANAGING DIRECTOR

Shane O. Stephan

COMPANY SECRETARY

Janelle S. Moody

AUDITORS

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CHAIRMAN'S REVIEW

Dear Shareholders,

The past year was one in which the company exhibited its resilience to difficult market conditions for both coal and oil. With the completion of the acquisition of a 40% interest in the Bengalla Joint Venture on 1 March 2016, New Hope Corporation Limited (**New Hope**) has positioned itself well to take advantage of Asia's significant growth in coal consumption. The high quality coal that New Hope produces will be demanded for many decades to come in the growing economies of North and South East Asia.

New Hope's overall production totalled 6.6 million tonnes of clean coal during FY2016, an increase of 15.8% on FY2015's total production of 5.7 million tonnes. Total coal sales for FY2016 were 6.9 million tonnes, well above the 5.7 million tonnes sold in FY2015. Directors have approved a final dividend of 2 cents per share taking total dividends per share for the year to 4 cents.

Financial Performance

Despite tough market conditions in what was a difficult year for the entire Australian coal sector, New Hope has reported a net profit after tax (NPAT) and before non regular items of $5.0 million for the year ended 31 July 2016.

Revenue from operations totalled $531.5 million, up $25.7 million or 5% from the 2015 financial year. Cash generation remained solid with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and non regulars of $81.3 million. The Company produced a positive cash operating surplus of $61.2 million (before acquisition costs, interest and income tax).

Non regular items before tax, including $52.1 million acquisition costs expensed (largely stamp duty) and $33.1 million of impairments, negatively impacted the group's results.

Non-cash significant items impacting the 2016 result included:

- $10.5 million impairment of oil producing assets
- $8.4 million impairment of oil exploration assets
- $5.0 million impairment of available for sale financial assets (being shares in IGas and Planet Gas)
- $3.4 million de-recognition of Petroleum Resource Rent Tax deferred tax balances.

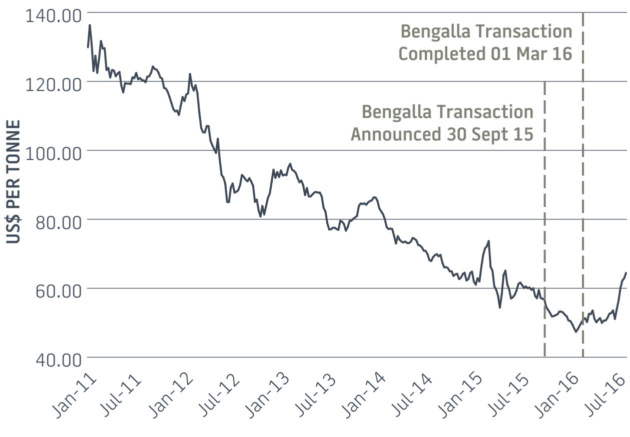
Although Bridgeport Energy's oil production increased 20.8% on FY2015 to 191,993 barrels, the continued drop in Brent oil price for the majority of the year saw sales revenue down 7% at $10.5 million against FY2015 of $11.9 million. Despite this Bridgeport Energy managed to limit its EBITDA loss to $1.9 million before non regular items. Bridgeport Energy posted a loss of $26.5 million after tax and non regular items.

Acquisition Timing

New Hope has had a history of buying and selling assets at the right time in the cycle. In recent history, New Hope has been patiently analysing many potential acquisitions over a number of years before acquiring a 40% interest in the Bengalla coal mine in the Hunter Valley of New South Wales. This disciplined approach to investing is a company hallmark.

Investing a significant proportion of available cash funds into a 40% interest in the Bengalla coal mine at a time when prices were at a low, has had an immediate positive impact on New Hope's cash flows.

Newcastle Thermal Coal Price FOB



Source: globalCOAL

The Bengalla transaction was announced in September 2015 and it completed on 1 March this year when the benchmark Newcastle Spot price was US$51/tonne. Since the beginning of July there has been a significant rise in coal prices with the Newcastle Spot price currently at US$70/tonne.

In five months of New Hope's ownership of Bengalla production has contributed 1.5 million tonnes to our coal sales providing EBITDA of $21.3 million to the group result.

Sustainability

Our extensive rehabilitation efforts at Acland and West Moreton, and associated cattle grazing trials, have drawn nationwide interest and acclaim. We seek to continue to grow the operations of the Acland Pastoral Company as a profitable part of our business concentrating on cattle breeding and grazing.

VALUES

INTEGRITY
We are ethical, honest and can be trusted to do the right thing.

RESPECT
We listen to our stakeholders and treat others as we expect to be treated ourselves.

ACCOUNTABILITY
We act in accordance with our obligations, deliver on our commitments and take responsibility for our actions.

SAFETY
We share a mutual responsibility to prevent harm and promote wellbeing.

RESILIENCE
We strive to achieve long-term sustainability by navigating through change and uncertainty.

SUCCESS
We take pride in the achievement of our goals, being innovative and making a positive difference.

New Oakleigh Mine Rehabilitation

November 2012

September 2013

July 2015

March 2016

This operational performance was consistent with our pre-acquisition expectations and it is expected that in the next financial year Bengalla should increase New Hope's equity production of thermal coal by approximately 3.5 million tonnes to a total of approximately 8.9 million tonnes.

Likewise acquisitions by the company's oil subsidiary, Bridgeport Energy has positioned it well to improve production and financial performance to take advantage of any increase in future oil prices.

After finalising the acquisition of the Moonie oil fields in South East Queensland from Santos in December 2015, Bridgeport Energy also completed due diligence on Beach Energy Queensland's Kenmore – Bodalla and surrounding production and exploration assets in FY2016. This transaction should finalise late calendar 2016.

These acquisitions make Bridgeport Energy the second largest conventional oil producer in Queensland.

Highlights

A major positive for the company's coal operations was the delivery of the Queensland Competition Authority's final decision on Queensland Rail's 2015 Draft Access Undertaking for below rail users of the Western System. Once implemented, this decision will result in an approximate 12% reduction in below rail tariffs going forward.

Other highlights for the year included your Company receiving two national awards.

We're immensely proud of winning the Australian Business Awards ABA100 2016 Sustainability award for our industry leading rehabilitation work.

Additionally the company's "Live Well, Work Well" program won the inaugural Australian Mines & Metals Association (AMMA) Industry Award for Health & Wellbeing. These awards are recognition that the corporate values which drive our positive business culture are being recognised and are making your company an employer of choice within the resources industry.

Significant Milestones

The revised New Acland Coal Mine Stage 3 Project continued to progress through its approval process with Land Court hearings commencing in March 2016.

It is anticipated that the Land Court recommendations should be delivered to the relevant Minister by end of calendar year 2016.

The company is exploring various options for current operations, plan of operations and project construction that seeks to preserve the current workforce for as long as possible and seamlessly transition them from Stage 2 to Stage 3, however the reality is, the longer the decision takes the more likely it is that we may have to adjust our workforce according to changing circumstances.

It is vitally important to the economic and social benefits of the local, regional and greater Queensland economy that the mining lease is granted early 2017. 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. The revised Stage 3 project would provide direct employment for up to 435 people with an economic contribution to south east Queensland of $300m with $100m of that going into the Darling Downs region. The Stage 3 Project will extend the life of the operation through until 2029, delivering significant positive benefits to the community in and around the operation.

Social Responsibility

New Hope places a high importance on adopting a socially responsible approach to business. We do this through managing and mitigating the social impacts our business activities may have on local stakeholders and the community. We endeavour to build trust through communication and engagement with local communities and landholders and share the benefits of our activities through significant social investment and community development programs.

Some of the highlights from the past reporting period include our partnership with LifeFlight (previously known as CareFlight) which continues to deliver critical and valuable medical services to rural areas.

This year we also partnered with the Cancer Council Qld, delivering the QUEST program aimed at educating school kids on healthy lifestyles across our local communities. Some of the Company's employees also assisted to build the Oakey Hospital Community Gardens.

Conclusion

Unlike many of our competitors, New Hope has maintained its corporate capabilities in resource and project development during the downturn over the past few years. Having made the investments in both resources and corporate capability during the recent years of cyclical downturn, the Company is now in a prime position to take advantage of potential increases in future coal and oil prices.

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

I would also like to thank the management and staff of the Company for their hard work in 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

	2016 $000	2015 $000	2014 $000	2013 $000
Total revenue	531,459	505,781	548,959	652,097
Profit before tax (before non regular items)	6,116	71,578	53,665	172,575
Profit after tax (before non regular items)	5,029	51,749	41,490	124,955
Profit/(loss) before tax	(74,112)	(24,709)	71,047	121,984
Income tax and petroleum resource rent tax expense	20,432	2,888	(12,598)	(47,856)
Profit/(loss) after tax	(53,680)	(21,821)	58,449	74,128
Loss attributable to minority interests	(1)	(1)	(1)	(1)
Net profit/(loss) attributable to NHCL members	(53,679)	(21,820)	58,450	74,129
Total assets employed	2,018,549	2,075,158	2,185,842	2,268,564
Shareholders' funds	1,750,412	1,852,625	1,973,859	2,016,456
Dividends paid during the financial year	66,484	78,944	132,928	257,466

	2016	2015	2014	2013
Weighted average shares on issue	831,050,306	830,999,449	830,836,913	830,551,140
Net profit/(loss) attributable to NHCL members as a % of shareholders' funds	-3.07%	-1.18%	2.96%	7.42%
Earnings per share (cents) before non regulars	0.6	6.2	5.0	15.0
(Loss)/Earnings per share (cents)	(6.5)	(2.6)	7.0	8.9
Normal dividends per share (cents)	4.00	6.50	8.00	11.00
Special dividends per share (cents)	-	3.50	3.50	5.00
Net tangible asset backing per share (cents)	203.45	220.56	234.55	239.66

Directors

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

Mr R.D. Millner
Mr T.J. Barlow
Mr W.H. Grant
Ms S.J. Palmer
Mr I.M. Williams
Mr S.O. Stephan
Mr D.J. Fairfull was a Director until his retirement on 19 November 2015.
Mr T.C. Millner was appointed Director on 16 December 2015.

	2016	2015	%
Consolidated results	**$000**	**$000**	**Change**
Revenue from operations	**531,459**	**505,781**	**+ 5.1%**
Profit before income tax (before non regular items)*	**6,116**	**71,578**	**- 91.5%**
Land access compensation	5,000	-	
Acquisition costs expensed	(52,104)	-	
Impairment of oil producing assets	(15,029)	(51,456)	
Impairment of oil exploration assets	(13,117)	-	
Impairment of available for sale financial assets	(4,978)	(17,558)	
Impairment of coal to liquids facility	-	(24,267)	
Gain on sale of Dart Energy Limited	-	1,151	
Impairment of goodwill	-	(4,157)	
Loss before income tax (after non regular items)	**(74,112)**	**(24,709)**	**- 199.9%**
Profit after income tax (before non regular items)*	**5,029**	**51,749**	**- 90.3%**
Land access compensation	5,000	-	
Acquisition costs expensed	(36,473)	-	
Impairment of oil producing assets	(10,520)	(36,019)	
Impairment of oil exploration assets	(8,388)	-	
Impairment of available for sale financial assets	(4,978)	(17,558)	
Petroleum resource rent tax (derecognition due to recoverability)	(3,350)	-	
Impairment of coal to liquids facility	-	(16,987)	
Gain on sale of Dart Energy Limited shares	-	1,151	
Impairment of goodwill	-	(4,157)	
Loss after income tax (after non regular items)	**(53,680)**	**(21,821)**	**- 146.0%**
Non-controlling interests	(1)	(1)	
Loss attributable to New Hope Shareholders	**(53,679)**	**(21,820)**	
Basic earnings per share (cents) (before non regular items)*	**0.6**	**6.2**	**- 90.3%**
Land access compensation	0.6	-	
Acquisition costs expensed	(4.4)	-	
Impairment of oil producing assets	(1.3)	(4.3)	
Impairment of oil exploration assets	(1.0)	-	
Impairment of available for sale financial assets	(0.6)	(2.1)	
Petroleum resource rent tax (derecognition due to recoverability)	(0.4)	-	
Impairment of coal to liquids facility	-	(2.0)	
Gain on sale of Dart Energy Limited	-	0.1	
Impairment of goodwill	-	(0.5)	
Basic loss per share (cents) (after non regular items)	**(6.5)**	**(2.6)**	**- 150.0%**

* 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 activities of the Group consisted of:

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

Dividends paid to members during the financial year were:	**$000**
• A final dividend for the year ended 31 July 2015 of 2.50 cents per share paid on 3 November 2015	20,766
• A special dividend for the year ended 31 July 2015 of 3.50 cents per share paid on 3 November 2015	29,087
• An interim ordinary dividend for the year ended 31 July 2016 of 2.0 cents per share paid on 3 May 2016	16,621

In addition to the above dividends, since the end of the financial year, the Directors have declared a final ordinary dividend of 2.0 cents per share. This dividend is fully franked, to be paid on 1 November 2016 out of retained profits at 31 July 2016 with the record date for such dividend to be 18 October 2016. This will provide shareholders of New Hope with total dividends for the year of 4.0 cents per share (2.0 cents interim) compared with total dividends for the 2015 year of 10.0 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 $5.0 million for the year ended 31 July 2016. The result comprises a loss of $3.6 million from coal mining, marketing and logistics operations; a loss of $4.1 million from oil operations and a profit of $12.7 million from treasury. The result is down 90.3% on the 2015 result of $51.7 million.

After non regular items the Company reported a net loss after tax of $53.7 million for the year ended 31 July 2016. The result comprises a loss of $34.9 million from coal mining, marketing and logistics operations; loss of $26.5 million from oil operations and profit of $7.7 million from treasury. The result is down 146% on the 2015 loss of $21.8 million.

During the year the company generated a positive cash operating surplus of $61.2 million (including receipts from customers and payments to suppliers) and received interest of $25.4 million from held to maturity investments (term deposits). Cash outflows from investing activities rose due to the acquisition of a 40% interest in the Bengalla project ($898 million including acquisition costs).

Before non regular items, basic earnings for 2016 were 0.6 cents per share, compared to 6.2 cents per share in 2015. After non regular items basic losses per share were (6.5) cents per share for 2016 against (2.6) cents in 2015.

Directors have declared a final dividend of 2.0 cents per share (2015 – 2.5 cents per share and 3.5 cents per share special dividend). This dividend is fully franked and payable on 1 November 2016 to shareholders registered as at 18 October 2016.

Compared to the previous corresponding period, the 2016 full year result was affected by:

- Increased production and sales due to the inclusion of Bengalla for the period 1 March 2016 – 31 July 2016;
- Lower average unit coal and oil revenues due to market conditions;
- Acquisition of a 40% interest in the Bengalla thermal coal mine; and
- A non regular impairment on oil producing and oil exploration assets.

Operations

Coal production for the year was 6.6 million tonnes compared to 5.7 Million tonnes produced in 2015. Bengalla contributed 1.4 million tonnes during the five months of New Hope's ownership and the Queensland mining operations produced 5.2 million tonnes compared to 5.7 million tonnes produced in 2015.

Coal sales for 2016 totalled 6.9 million tonnes (including 1.5 million tonnes from Bengalla) which was well above the 5.7 million tonnes sold in 2015.

New Acland Coal Mine

The New Acland open cut mine produced 4.6 million tonnes of coal in 2016. This was 0.5 million tonnes lower than 2015. Production was somewhat hampered by localised geological conditions that increased raw coal ash and negatively impacted on clean coal yield. These localised geological conditions have now been worked through. As the operation reaches the end of the Stage 2 reserves, there is less operational flexibility due to a reduction in the number of mining faces available.

New Acland improved its safety performance over the year as measured by lagging safety performance indicators. During the year the New Acland health and wellness program was embraced by the workforce and this innovative program received recognition through industry awards at both state and national levels.

Key achievements in 2016 have included:

- Continued focus on cost management and productivity improvements with improved unit mining costs (6.6% reduction year on year);
- Increased loading unit and truck productivity across the majority of the fleet;
- Undertaking the planning and initial works in conjunction with equipment manufacturers for a natural gas fuel trial on a rear dump truck, the first operational trial of this technology in a mining environment;
- Installation of sound attenuation equipment on major mobile plant to reduce noise levels and allow for greater operational flexibility;
- Positive results from cattle grazing trials which demonstrated that cattle raised on rehabilitated land achieved growth rates and meat quality comparable to cattle raised on un-mined land;
- The Queensland Competition Authority decision requiring Queensland Rail to provide an amended draft access undertaking which when implemented, will result in both a lower access charge to apply to the Western Rail Corridor until 2021 as well as an adjustment for over-recovery of revenue for the period between 1 July 2013 and the commencement date of the new regulatory period;
- New Acland Community Reference Group continued to provide a forum for community engagement and the allocation of funds to local community projects; and
- New Acland hosted numerous site tours for community, business and industry groups, as well as representatives from educational, environmental and agricultural organisations.

New Acland Stage 3 Development (NAC03)

Pre-construction works undertaken during the year included relocation of Telstra assets, site survey, geotechnical investigations, flora surveys and trial crushing of basalt reserves to confirm suitability for construction purposes. The relocation of Ergon power infrastructure has commenced and engineering design for the rail, road and water management infrastructure is well advanced.

The approvals process for the NAC03 mining leases progressed with the Queensland Land Court expected to deliver a recommendation by December 2016, approximately six months later than anticipated. Construction of NAC03 is planned to commence in Q1 2017 pending grant of the Mining Leases and Environmental Authority. Federal Government approval is expected in 2016. Due to the continued delays in the approval process it is possible that there will be a time interval between the exhaustion of stage 2 coal production and the commencement of stage 3 coal production. A range of mitigating measures are being progressed to minimise this timing interruption.

A number of key project plans are complete and in use including the Local Procurement Plan, Australian Industry Participation Plan, the Social Impact Management Plan and various project management plans. A number of other supporting plans are in various stages of development including the Operational Readiness Plan, the Site Security Plan and various environmental management plans.

West Moreton Operations

West Moreton operations (comprising Jeebropilly Mine and rehabilitation sites at New Oakleigh and Chuwar), produced 0.6 million tonnes of product coal in 2016 which was similar to the production volumes in 2015.

Key achievements in 2016 included:

- Continued cost management initiatives assisted to keep production costs close to budget for the year;
- Mine plan revisions that optimised the mine with current market conditions;
- Continued rehabilitation of the New Oakleigh and Chuwar sites with further work planned during 2017; and
- Investigation into final land form and alternative land uses at the completion of coal mining at Jeebropilly.

Queensland Bulk Handling (QBH)

QBH, New Hope Corporation's 100% owned coal terminal at the Port of Brisbane, exported 7 million tonnes of coal on 90 vessels. This result was similar to last year. QBH remains essentially a demurrage free port.

Key activities at QBH in 2016 included:

- 4 years 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
- Business improvement programs aimed at reducing costs and improving operational efficiencies were commenced with several key stages completed.

Bengalla Joint Venture

New Hope's acquisition of a 40% interest in the Bengalla open cut coal mine in New South Wale's Hunter Valley region from Coal and Allied settled on 1 March 2016. Since settlement New Hope has played an active role in the transition from Coal and Allied and the ongoing management of the Bengalla operation in conjunction with the other joint venture participants (Wesfarmers 40%, Mitsui 10% and Taipower 10%).

The operational performance of the Bengalla mine has been consistent with our pre-acquisition expectations with key activities and achievements including:

- Production of 3.5 million tonnes of coal in the period 1 March 2016 – 31 July 2016 (100% basis);
- Appointment of a new CEO;
- Strategy reset and identification of a range of cost reduction initiatives;
- Strong performance in safety, environmental compliance and community engagement; and
- Significant progress in the construction and commissioning of the Dry Creek Diversion Project.

New Hope Exploration and Development Projects

An active exploration program utilising the company's own drill rigs was advanced during the past year. Exploration activities during 2016 focused on resource definition in and around the New Acland project area (MDL244 for the revised New Acland Coal Mine Stage 3 Project). The drilling operations were supported by gravity and geochemical surveys. The New Acland drilling program consisted of 18 water monitoring bore holes, 175 open holes and 91 core holes totalling 16,553 meters.

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

The current group Resources and Reserves are tabled below.

		Coal Resources (million tonnes) (Coal resources are inclusive of the reserves reported below)				
Deposit	**Status**	**Inferred**	**Indicated**	**Measured**	**2016 Total**	**2015 Total**
New Acland [1]	Mine	39	172	213	424	699
Bengalla* [2]	Mine	80	49	57	186	-
Ownaview	Exploration	-	-	-	-	-
West Moreton*	Mine	-	-	-	-	-
Lenton* [3]	Exploration	208	104	68	380	741
Bee Creek	Exploration	-	-	-	-	-
Yamala [4]	Exploration	187	39	14	240	240
Colton	Exploration	60	16	-	76	76
Elimatta*	Exploration	73	105	108	286	286
Collingwood*	Exploration	94	139	43	276	276
Taroom	Exploration	126	149	158	433	433
Woori	Exploration	-	-	84	84	84
Ashford [5]	Exploration	5	8	-	13	13
Total		**872**	**781**	**745**	**2,398**	**2,848**

Notes:

1 Resources have mainly been reduced due to finer discrimination of parting material, additional exploration around faulting and basalt edges, as well as mining reduction during the year.

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

3 Figures shown are 100% of total resources. New Hope share is 90%. Resources have mainly been reduced due to a cut of 150m for low yielding coals.

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

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.

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.

Coal Reserves (million tonnes)

		Recoverable Reserves				Marketable Reserves[5]		
Deposit	**Status**	**Probable**	**Proved**	**Total 2016**	**Total 2015**	**Probable**	**Proved**	**Total 2016**
New Acland [1]	Mine	136	263	**399**	410	74	142	**216**
Lenton [2]	Exploration	12	23	**35**	52	7	14	**21**
Elimatta	Exploration	29	96	**125**	125	17	66	**83**
Colton[3]	Exploration	11	-	**11**	11	5	-	**5**
Bengalla[4]	Mine	106	147	**253**	-			
Total		**294**	**529**	**823**	**587**	**103**	**222**	**325**

Notes on Reserves:

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

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

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

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

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

JORC Declaration – Coal Reserves

The information in this Coal Reserves Statement that relates to coal reserves for New Acland, Lenton and Elimaatta is based on information compiled by Mr Brett Domrow, who is a Member of AusIMM. Mr Domrow is a full time employee of the company. The information in this Coal Reserves Statement that relates to coal reserves for Bengalla is based on information compiled by Tony O'Connell, who is a Member of the AusIMM. Mr O'Connell is a consultant working with Optimal Mining Solutions Pty Ltd. Mr Domrow and Mr O'Connell have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent person as defined in the 2012 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Domrow and Mr O'Connell consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Details of the 2016 exploration program and development projects including approvals are as follows:

New Acland

The exploration program consisted of 18 water monitoring bore holes, 175 open holes and 91 core holes totalling 16,553 meters. The Willeroo Resource Area, Manningvale coring campaign and the ground water monitoring program was completed on New Acland tenements and surrounding areas. This allowed improved resource definition for the current operation and the NAC03 Project. A gravity survey was completed and preliminary results suggest that there will be a significant reduction in basalt delineation drilling.

A full review of the modelling process was undertaken providing a better correlation between the geological model and operational observations.

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

Colton

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

The Mining Lease Application process continued with public objections heard subsequent to the end of the financial year in the Land Court during August 2016.

Bee Creek (EPC777)

Limited work was undertaken in 2016. A 2-D seismic explorations program is planned to be undertaken in 2017. This survey will target the Rangal Coal Measures sub-cropping on the western edge of the Hail Creek Syncline.

North Surat Projects

A Concept Study was completed for the four North Surat Projects (Elimatta, Taroom, Collingwood and Woori) to outline key capital, operating and marketing aspects of the projects. A Pre-Feasibility Study will be undertaken to further advance the opportunities identified in the concept study. The Elimatta Mining Lease Application was progressed with all objections having been withdrawn.

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

A review of coal quality has been undertaken and the structural and quality model was updated. Field work was limited and consisted of completing groundwater monitoring for the purposes of the Environmental Impact Statement (EIS).

Mineral projects

On ground activities on the mineral projects was limited to an Induced Polarisation survey at Courtney in order to better delineate drilling targets. A review was undertaken of the Cloncurry regional structure to better understand the interactions between the regional and local geological structure. This review observed a number of trends which can be identified between large regional structures and locations of known mining operations which should improve the accuracy of drill hole targeting.

Pastoral Operations

The implementation of the Acland Pastoral's five year plan was essentially completed with the transition to a cow/calf breeding enterprise. The last of the back-grounding steers were sold in May 2016. During the year 489 calves were produced on the property.

A water network and fencing renewal (wire and water) capital program was completed which now covers 75% of the Acland Pastoral usable land.

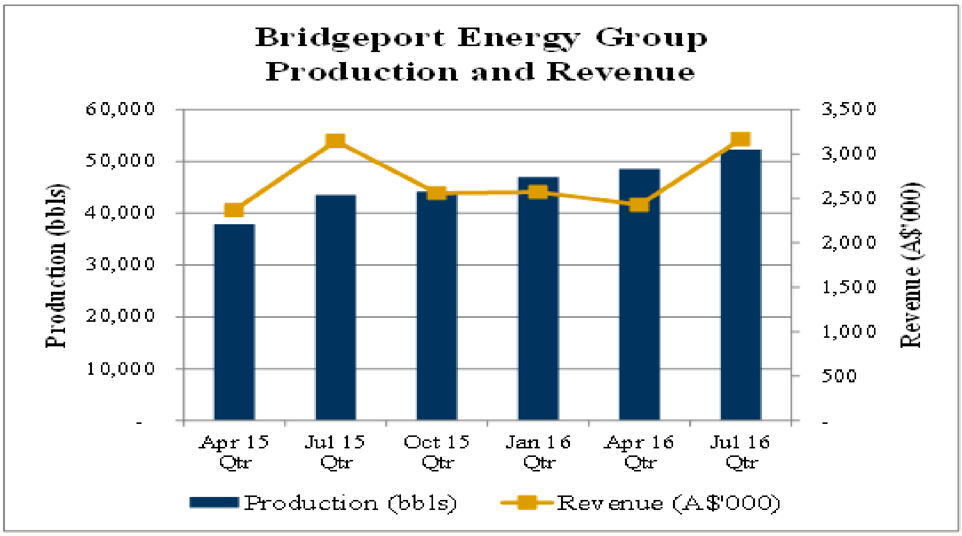
As a result of good seasonal rainfall the cropping program yielded excellent outcomes for the year.

Stage 3 of the grazing trial was completed. This stage of the program was structured to provide data to evaluate aspects of the sustainability of the program.

Bridgeport

Oil production for the year totalled 191,993 barrels, an average of 563 barrels of oil per day against prior year results of 158,884 barrels representing an increase in production of 20.8%. Sales revenue for the year was $10.5 million against prior year of $11.9 million, a decrease of 11.8%, despite the higher production levels. The reduction in sales revenue was entirely a consequence of the continued drop in the oil price through the first half of the year which reached a low in Jan 2016 of US$27/bbl. The price subsequently increased and stabilised at circa US$45/bbl at year end. The decline in oil prices in USD terms was partially offset by a declining AUD:USD exchange rate. The average price realised for the 2016 year was A$56.6/bbl (compared to A$74.3/bbl in 2015).

Despite difficult trading conditions, Bridgeport was able to limit is EBITDA loss to $1.9 million before non regular items. Non regulars during the year, included impairments of oil producing assets of $10.5 million (after tax), impairments of oil exploration assets of $8.4 million (after tax) for two exploration tenements the company expects to withdraw from and two tenements subject to an extended moratorium period as well as $3.4 million resulting from the de-recognition of PRRT balances.



Strategic focus during the year, primarily in response to the drop in oil price from mid-2015 to January 2016, included:

- Reduce operating expenditures within the company (achieving 17% below budget expenditures for the year);
- Move one field to "not normally manned" improving operating costs by some 25% at that field;
- Defer drilling of operated production wells in alignment with the oil price drop (five wells deferred); and
- Focus on well workover activities and the Moonie field acquisition, which has increased production by 22%.

Production

Bridgeport's production rate increased during the year from an average of 435 bopd to a production rate of 563 bopd at the end of the financial year, through a combination of the acquisition of the PL 1 (Moonie field) tenements and production enhancement workover activities across the company production portfolio.

Cuisinier (PL 303: 15% (Santos operated))

During the year, hydraulic fracture stimulation of five low productivity wells in the field was completed resulting in a gross production improvement of 390 bopd at the field. The drilling of five wells (3 development, 1 appraisal and 1 exploration) in PL 303 commenced in the last month of the financial year with Cuisinier 22 cased and suspended for production and Cuisinier 23 drilling at the end of the period. Gross production decreased from the prior year by 7.8% due to deferral of development wells and at year end, the field was producing at circa 1,567 bopd (BEL net: 235 bopd) down from 1,700 bopd (Bridgeport net: 255 bopd) at prior year end.

Inland (PL 98: 100%)

During the year, production enhancement work on five wells at the field utilising the Bridgeport owned service rig resulted in an increase in production rate of 60 bopd. Field debottlenecking at the main production facility also improved production and at year end production had improved 43% from 102 bopd to 146 bopd. Average daily field production for the year was 4,300 bopm (140 bopd).

Utopia (PL 214: 100%)

In the third quarter of the financial year, Bridgeport acquired Bounty's 40% interest, which increased its net interest from 60% to 100%. Capital expenditure was restricted to only repair and maintenance capital comprising workovers and facility changes to allow for not normally manned operations. Production through the year declined 28% from 1,800 barrels per month to 1,294 barrels per month, partly offset by service work undertaken on critical wells. Average daily field production for the year was 1,271bopm (42bopd).

Moonie (PL 1: 100%)

At mid-year Bridgeport acquired 100% of the Moonie field and commenced integration of the operation. During the second half, downhole pump and flowline repairs were carried out on four wells. Average daily field production for the half year from acquisition was 3,480 bopm (116 bopd).

Naccowlah Assets (2%)

This holding provides access to production infrastructure in the eastern Cooper Eromanga Basin. The interest delivered annual gross production of 1,679 bopd (net: 36 bopd).

Capital expenditure on producing assets (excluding the cost of the Moonie field acquisition) during the year was similar to the prior year at $7.9 million and down on planned budget due to deferral of development wells at Inland and Utopia fields.

Exploration – Cooper Basin

PEL 630 (100%)

415 km2 of seismic data were acquired and processed over the West and East blocks of the tenement. Interpretation and mapping has been completed on the West block, where several material oil prospects have been assessed and the best two have been prepared for drilling next financial year. The hydrocarbon resource potential of the East block is still under assessment but, based on play based exploration work to date is expected to identify oil and gas-liquids resource potential.

Other tenement activities included:

Tenement	**Activities**
ATP 794 (88%)	80 km2 of 3D seismic data were acquired over the Barcoo Junction discovery area. A substantial prospect has been mapped, which is up dip of existing wells and is being readied for drilling next financial year.
ATP 944 (100%)	Rationalisation of the tenement area is in progress with the Department of Natural Resources and Mines (DNRM) through application for a formal work programme reduction combined with partial relinquishment of the permit area.
PELA 641 (100%)	A Native Title agreement has been negotiated with the Dieri people.
ATP 752 (15%)	The Santos operated joint venture has submitted a partial relinquishment of acreage to comply with regulatory requirements.
ATP 736/737/738 (20%) (Senex operated)	Senex (operator) and Bridgeport are finalising a Joint Operating Agreement for these newly-granted permits.

Bridgeport is in discussion with various parties interested in farming into selected tenements held within the Cooper Basin portfolio.

Exploration – Surat Basin

ATP 805 (100%)

32 km2 of 3D seismic were acquired over the Donga discovery area, which will now be used to support a conversion of the exploration permit to a longer term petroleum lease (PL) or a potential commercial area (PCA).

ATP 608 (100%)

Bridgeport has submitted an application to the DNRM for a Special Amendment to reduce the work programme combined with an early partial relinquishment. An application for a PCA over the Rookwood oil discovery will be lodged with the DNRM in late August.

Exploration – Otway Basin

PEP 150 (15%) and *PEP 151* (100%) - remains under moratorium by the Victorian State Government.

Capital expenditure against exploration assets during the year was $9.7 million, principally related to moving the exploration portfolio forward towards the drilling of wells with the acquisition of 3D seismic.

New Hope Group Outlook

During the past year a material capital investment decision was made to invest a significant proportion of available cash funds into a 40% interest in the Bengalla coal mine located in the Hunter Valley, New South Wales. During the next financial year Bengalla should increase New Hope's equity production of thermal coal by approximately 3.5 million tonnes to a total of approximately 8.9 million tonnes . New Hope is working with its joint venture partners and the Bengalla management team to improve operational efficiency and effectiveness at the Bengalla operation. The New Hope management team is focused on achieving the grant of the New Acland Stage 3 mining leases as expeditiously as possible in order to avoid the negative impacts of any delays in transition from mining Stage 2 reserves into Stage 3.

Bridgeport continues to seek opportunities to grow its production base. It is now the second largest conventional oil producer in Queensland. Following significant investment in seismic studies of its extensive exploration portfolio, Bridgeport is identifying drilling targets for oil exploration to take advantage of any increase in oil prices in future.

New Hope believes that Asia will continue to demand significant amounts of energy in order to continue its long term growth trajectory and that both coal and oil will be required in order to meet that demand. The high quality coals that New Hope produces will be demanded for many decades to come in particular in the growing economies of North Asia. New Hope has a significant suite of coal growth projects in the North Surat as well as at Lenton, Colton and Yamala. Unlike many of our competitors, New Hope has maintained its corporate capabilities in resource and project development during the downturn which has occurred in both coal and oil pricing over the past few years. We have refined our ability to operate safe low cost operations whilst maintaining excellent standards of mine rehabilitation. Having made the investments in both resources and corporate capability during the recent years of cyclical downturn the company is now in a prime position to take advantage of potential increases in future coal and oil prices.

Since 31 July 2016 prices for Australian thermal coal on the seaborne market have reached levels around US$70 per tonne. This represents approximately a 40% increase from the lows of just under US$50 per tonne which prevailed during the 2016 financial year.

Risk Management

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

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

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

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

Safety

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

Social License

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

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

The Company is currently in the process of securing approvals for the NAC03 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.

Bengalla Joint Venture

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

Failure of Infrastructure

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

Market Forces

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

Insurance of officers

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

Proceedings on behalf of the Corporation

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

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

Significant changes in the state of affairs

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

Matters subsequent to the end of financial year

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

Likely developments and expected results of operations

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

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

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

Corporate Governance Statement

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

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 2016 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 prior financial year the New Hope Group adopted a new Environmental policy aligned with the requirements of the ISO 14001 standard and the Company's operations have continued the embedding of the Environmental Management System (EMS) in 2016. 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 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 listed Directorships

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

Former listed Directorships in last 3 years

Nil

Special responsibilities

Chairman of the Board

Interests in shares and options

3,781,962 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 Managing Director 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 listed Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 2015
PM Capital Asian Opportunities Fund Limited	Appointed 2014
TPI Enterprises Limited	Appointed 2015

Former listed Directorships in last 3 years

Nil

Special responsibilities

Member of the Remuneration Committee, Chair of the Nomination Committee (from August 2016) and member of the Audit 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) (retired 19 November 2015)

Experience

Mr Fairfull has extensive experience in finance, investment and merchant banking. He was appointed to the New Hope Corporation Limited Board in 1997 and retired in November 2015.

Other current listed Directorships

Nil

Former listed Directorships in last 3 years

Washington H. Soul Pattinson and Company Limited	Appointed 1997 Resigned 2014

Special responsibilities

Member of the Audit Committee (retired 2015)

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 is currently chairman of Brisbane Airport Corporation. He joined the Board of New Hope Corporation Limited in 2006.

Other current listed Directorships

Nil

Former listed Directorships in last 3 years

Nil

Special responsibilities

Chairman of the Remuneration Committee and Chairman of the Nomination Committee (until 24 August 2016) 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

Mr T.C. MILLNER - (Non-executive Director)

Experience

Mr Millner is the Chief Executive Officer of BKI Investment Company Limited (BKI). He joined BKI in 2008 from Souls Funds Management Limited where he was responsible for the investment portfolio of BKI. He is currently a non-executive Director of Washington H Soul Pattinson and Company Limited and PM Capital Global Opportunities Fund Limited. Mr Millner's experience includes management of investment portfolios, research and analysis of listed equities and business development. Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015.

Other current listed Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 2011
PM Capital Global Opportunities Fund Limited	Appointed 2013

Information on Directors (continued)

Mr T.C. MILLNER (continued)

Former listed Directorships in last 3 years

Nil

Special responsibilities

Nil

Interests in shares and options

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

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

Ms S.J. PALMER - Bcom, CA, FAICD (Non-executive Director)

Experience

Ms Palmer is a Chartered Accountant with over 30 years of extensive experience in the financial and resources fields. Ms Palmer brings a current knowledge to the New Hope board in all aspects of accounting, finance, financial reporting, risk management and corporate governance. Prior to becoming a professional director, Sue was Chief Financial Officer and Executive Director with Thiess Pty Ltd. She is also a non-executive director of METS Ignited, an industry-led, government-funded growth centre for the mining equipment, technology and services sector. Ms Palmer was appointed to the New Hope Corporation Limited Board on 1 November 2012.

Other current listed Directorships

Charter Hall Retail REIT	Appointed 2015
RCR Tomlinson Ltd	Appointed 2014

Former listed Directorships in last 3 years

Nil

Special responsibilities

Chair of the Audit Committee

Interests in shares and options

15,000 ordinary shares in New Hope Corporation Limited

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

Mr I.M. WILLIAMS - BEc, LLB (Non-executive Director)

Experience

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

Other current listed Directorships

Nil

Former listed Directorships in last 3 years

Nil

Special responsibilities

Member of the Remuneration Committee and Member of Nomination Committee

Interests in shares and options

38,087 ordinary shares in New Hope Corporation Limited

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

Information on Directors (continued)

Mr S.O. STEPHAN - BBus (Dist), MBA (AGSM), MAusIMM, MAICD (Managing Director)

Experience

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

Other current listed Directorships

Nil

Former listed Directorships in last 3 years

Nil

Special responsibilities

Managing Director	Appointed 2014

Interests in shares and options

241,021 ordinary shares in New Hope Corporation Limited

338,310 Performance rights in New Hope Corporation Limited

Company Secretary

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

Remuneration report

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

a. Remuneration governance

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

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

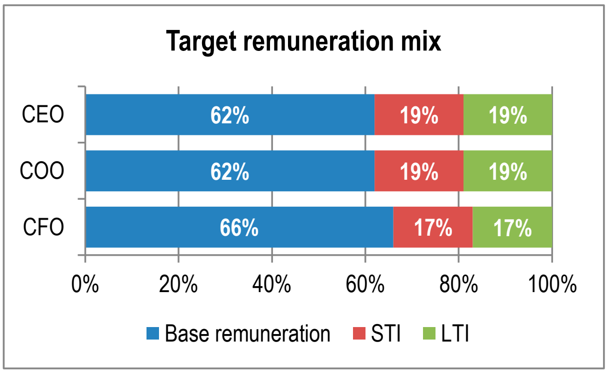
b. Key management personnel

Name	Positions Held
Mr R.D. Millner	Chairman and Non-executive Director.
Mr T.J. Barlow	Non-executive Director. Chairman of the Remuneration Committee (appointed 24 August 2016).
Mr D.J. Fairfull	Non-executive Director (retired 19 November 2015).
Mr W.H. Grant	Independent Non-executive Director, Chairman of the Remuneration Committee (until 24 August 2016) and Chairman of the Nominations Committee.
Mr T.C. Millner	Non-executive Director (appointed 16 December 2015).
Ms S.J. Palmer	Independent Non-executive Director and Chairman of the Audit Committee.
Mr I.M. Williams	Independent Non-executive Director.
Mr S.O. Stephan	Managing Director.
Mr B.D. Denney	Chief Operating Officer (retired 18 December 2015).
Mr A.L. Boyd	Chief Operating Officer (appointed 21 December 2015).
Mr M.J. Busch	Chief Financial Officer.

c. Executive remuneration policy and framework

The Company aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration of senior executives is reviewed annually after taking into consideration the executives' performance, the Company's performance, market rates and level of responsibility. As a result of the current year review, there will be no increase to Executive Remuneration for the 2017 financial year.

Executive remuneration comprises a mix of base remuneration, short term incentives (STIs) and long term incentives (LTI's). 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 2016 is:



Remuneration report (continued)

c. 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. Base remuneration for the 2017 financial year remains the same as the 2016 financial year.

Short Term Incentives

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

Maximum allowable STI's are provided for in senior executive employment contracts and are paid in the form of an annual cash bonus. At the end of each period the Remuneration Committee will award executives a percentage of their maximum allowable STI's having regard to the performance of the executive and the Company during the period. The Key Performance Indicators (KPI's) set by the Remuneration Committee and their respective weightings for the 2016 financial year 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%

Given the historically low coal price and profit performance of New Hope, it was recommended by executive management that no STI be paid for the 2016 financial year. The Remuneration Committee accepted this proposal resulting in no STI being payable for the 2016 financial year, including the Managing Director.

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)

c. 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 relevant for the 2016 financial year 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.

d. Consequences of performance on shareholder wealth

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

		Year ended 31 July				
		2016	**2015**	**2014**	**2013**	**2012**
Net profit/(loss) attributable to shareholders	A$000's	(53,679)	(21,820)	58,450	74,129	167,126
Profit/(loss) after tax	A$000's	(53,680)	(21,821)	58,449	74,128	167,125
Net profit after tax before non regular items	A$000's	5,029	51,749	41,490	124,955	171,080
Earnings per share	cents/share	(6.50)	(2.60)	7.00	8.90	20.10
Dividends paid during the year	cents/share	8.00	9.50	16.00	31.00	26.00
Share price as at 31 July	$/share	1.60	1.91	3.00	3.76	4.07
Shareholders' funds	A$000's	1,750,412	1,852,625	1,973,859	2,016,456	2,252,916

e. Non-executive director remuneration policy

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

Non-executive Directors receive a fixed fee that is paid within an aggregate limit as approved by the shareholders from time to time. The current maximum aggregate is set at $1,750,000 (2015 - $1,750,000) per annum. There is no proposal to increase Directors' Fees for the 2017 financial year.

f. Voting made at the Company's 2015 Annual General Meeting

The Company received 99% "yes" votes on its remuneration report for the 2015 financial year.

Remuneration report (continued)

g. 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	
	Cash salary and fees	Cash bonus [8]	Non cash benefits [9]	LSL	Super-annuation	Termination Benefits	Rights	Total
2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors								
Mr R.D. Millner	293,000	-	-	-	19,308	-	-	312,308
Mr T.J. Barlow	135,000	-	-	-	12,825	-	-	147,825
Mr D.J. Fairfull[1]	41,250	-	-	-	5,344	-	-	46,594
Mr W.H. Grant	150,000	-	-	-	14,250	-	-	164,250
Mr T.C. Millner [2]	84,620	-	-	-	8,039	-	-	92,659
Ms S.J. Palmer	160,000	-	-	-	15,200	-	-	175,200
Mr I.M. Williams	135,000	-	-	-	12,825	-	-	147,825
Total Non-executive Directors	**998,870**	**-**	**-**	**-**	**87,791**	**-**	**-**	**1,086,661**
Executive Directors								
Mr S.O. Stephan	1,247,833	-	9,740	11,520	19,385	-	127,574	1,416,052
Key Management Personnel								
Mr B.D. Denney[3]	312,686	-	9,930	10,682	7,111	136,316	(66,010)	410,715
Mr A. L. Boyd[4]	389,709	-	38,728	22,327	14,370	-	-	465,134
Mr M.J. Busch	546,028	-	(990)	9,796	19,305	-	61,686	635,825
Total Key Management Personnel	**1,248,423**	**-**	**47,668**	**42,805**	**40,786**	**136,316**	**(4,324)**	**1,511,674**
Total Remuneration - 2016	**3,495,126**	**-**	**57,408**	**54,325**	**147,962**	**136,316**	**123,250**	**4,014,387**
2015								
Non-executive Directors								
Mr R.D. Millner	293,000	-	-	-	18,783	-	-	311,783
Mr P.R. Robinson[6]	90,000	-	-	-	8,550	-	-	98,550
Mr D.J. Fairfull	135,000	-	-	-	12,825	-	-	147,825
Mr W.H. Grant	150,000	-	-	-	14,250	-	-	164,250
Ms S.J. Palmer	160,000	-	-	-	15,200	-	-	175,200
Mr I.M. Williams	135,000	-	-	-	12,825	-	-	147,825
Mr T.J. Barlow[5]	37,330	-	-	-	3,546	-	-	40,876
Total Non-executive Directors	**1,000,330**	**-**	**-**	**-**	**85,979**	**-**	**-**	**1,086,309**
Executive Directors								
Mr S.O. Stephan[7]	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**

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

2 Mr. T. Millner was appointed a director on 16 December 2015.

3 Mr. B. D Denney resigned as Chief Operating officer on 18 December 2015. The negative share based payments amount reflects Rights forfeited.

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

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

6 Mr. P.R. Robinson retired as a director on 31 March 2015.

7 Mr. S.O. Stephan was promoted from Chief Executive Officer to Managing Director from 20 November 2014.

8 Cash Bonus for 2015 represents the difference between the accrual of the 2014 STI to the actual payment made during the 2015 financial year.

9 Non Cash Benefits include movements in annual leave provisions.

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	
	2016	2015	2016	2015	2016	2015
Mr S.O. Stephan	91%	97%	0%	0%	9%	3%
Mr B.D. Denney	116%	91%	0%	0%	-16%	9%
Mr A. L. Boyd	100%	0%	0%	0%	0%	0%
Mr M.J. Busch	90%	92%	0%	0%	10%	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.

h. Employment contracts

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

Name	Term of agreement and notice period [1]	Base remuneration including Superannuation [2]	Termination Payments [3]
Mr S.O. Stephan	No fixed term 6 months' notice period	$1,300,000	6 months' base remuneration
Mr A.L. Boyd	No fixed term 3 months' notice period	$650,000	3 months' base remuneration
Mr M.J. Busch	No fixed term 3 months' notice period	$600,000	3 months' base remuneration

1 This notice applies equally to either party.

2 Base remuneration quoted is for the year ended 30 June 2016; they are reviewed annually by the remuneration committee.

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

i. Details of share based compensation

Rights

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

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

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

Remuneration report (continued)

i. 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 ($)
2011	December 2011	August 2015	5.84
2012	December 2012	August 2015	4.08
2012	December 2012	August 2016	4.08
2014 - 2016	December 2014	August 2017	1.58
2014 - 2016	November 2015	August 2017	1.91
2015 - 2018	November 2015	August 2018	2.17

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

Details of Rights over ordinary shares in the Company as at 31 July 2016, provided as remuneration to each Director of New Hope Corporation Limited and each of the key management personnel of the Group are set out below. Upon satisfaction of the service and performance conditions each right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met. The maximum value in future periods has been determined as the amount of the grant date fair value of the right that is yet to be expensed.

Name	Grant date	Vesting date	Number granted	Value per share	Number vested	Vested %	Number forfeited	Forfeited %	Maximum value in future periods
Mr S.O.Stephan	December 2011	August 2015	8,432	5.84	8,432	100%	-	-	-
	December 2012	August 2015	11,211	4.08	11,211	100%	-	-	-
	December 2012	August 2016 [1]	11,210	4.08	-	-	-	-	-
	November 2015	August 2017	134,228	1.91	-	-	-	-	73,297
	November 2015	August 2018	204,082	2.17	-	-	-	-	160,750
Mr B.D. Denney	December 2011	August 2015	8,010	5.84	8,010	100%	-	-	-
	December 2012	August 2015	11,211	4.08	11,211	100%	-	-	-
	December 2012	August 2016	11,210	4.08	-	-	(11,210)	100%	-
	December 2014	August 2017	83,893	1.58	-	-	(83,893)	100%	-
Mr M.J. Busch	December 2011	August 2015	4,005	5.84	4,005	100%	-	-	-
	December 2012	August 2015	8,408	4.08	8,408	100%	-	-	-
	December 2012	August 2016 [1]	8,408	4.08	-	-	-	-	-
	December 2014	August 2017	50,336	1.58	-	-	-	-	29,839
	November 2015	August 2018	76,531	2.17	-	-	-	-	60,281

[1] The August 2016 vesting rights do not have a maximum value at 31 July as they vest in August 2016.

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

Remuneration report (continued)

j. Equity instruments held by Key Management Personnel

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

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

Rights holdings

Name	Balance at the start of the year	Granted as remuneration	Vested	Forfeited	Balance at the end of the year	Unvested
Mr S.O. Stephan	30,853	338,310	(19,643)	-	349,520	349,520
Mr B.D. Denney	114,324	-	(19,221)	(95,103)	-	-
Mr A. L. Boyd	-	-	-	-	-	-
Mr M.J. Busch	71,157	76,531	(12,413)	-	135,275	135,275

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	3,781,962	-	-	-	3,781,962
Mr T.J. Barlow	-	-	-	-	-
Mr D.J. Fairfull	11,000	-	-	(11,000)	-
Mr W.H. Grant	30,000	-	-	-	30,000
Mr T.C. Millner	-	-	-	3,774,368	3,774,368
Ms S.J. Palmer	15,000	-	-	-	15,000
Mr I.M. Williams	38,087	-	-	-	38,087
Mr S.O. Stephan	162,078	59,300	19,643	-	241,021
Mr B.D. Denney	46,452	-	19,221	(65,673)	-
Mr A.L. Boyd	-	-	-	15,438	15,438
Mr M.J. Busch	698,911	-	12,413	-	711,324

1 Other changes for Mr D.J. Fairfull and Mr B.D. Denney represent balance of final holdings upon retirement. Other changes also reflect share holdings upon appointment.

k. Other transactions with Key Management Personnel

Mr R.D. Millner, Mr P.R. Robinson and T.J. Barlow are Directors of WHSP, the ultimate parent entity of New Hope Corporation Limited and Pitt Capital Partners Limited. Pitt Capital Partners Limited acted as financial advisor to the Group for various corporate transactions during the 2016 and 2015 financial years. All transactions are at normal commercial terms.

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

Financial advice	$ 6,488,295

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

Shares issued on the vesting of rights

Since the end of the financial year 19,618 rights have vested and will be converted to ordinary shares in the Company.

Loans to directors and executives

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

Non-audit services

Deloitte Touche Tohmatsu has acted as auditor for the Group for the entire 2016 year. The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms (refer note 33):

	Consolidated	
	2016	**2015**
Audit services	**$**	**$**
Audit and review of financial reports and other audit work under the *Corporations Act 2001* :		
Deloitte Touche Tohmatsu (Australian firm)	433,000	240,000
Other audit firms for the audit or review of financial reports of any entity in the Group	-	-
Total remuneration for audit services	**433,000**	**240,000**
Other services		
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint operations	24,000	23,000
Accounting advisory services	33,000	-
PricewaterhouseCoopers (Australian firm)		
Audit of joint operations	18,000	-
Total remuneration for non-audit services	**75,000**	**23,000**
Total auditors remuneration	**508,000**	**263,000**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

The Company is of a kind referred to in *Corporations Instrument 2016/191*, 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 2016 and the number of meetings attended by each Director:

	Full meetings		**Audit Committee**		**Remuneration**		**Nomination**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr R.D. Millner	12	11	-	-	-	-	-	-
Mr T.J Barlow	12	12	3	2	1	1	2	2
Mr W.H. Grant	12	12	4	4	1	1	2	2
Mr T.C. Millner	7	7	-	-	-	-	-	-
Ms S.J. Palmer	12	12	4	4	-	-	-	-
Mr I.M. Williams	12	12	-	-	1	1	2	1
Mr S.O. Stephan	12	12	-	-	-	-	-	-
Mr D.J. Fairfull (retired 19 November 2015)	5	5	2	2	-	-	-	-

Signed at Sydney this 19th day of September 2016 in accordance with a resolution of Directors.

R.D. Millner
Director

S.J. Palmer
Director

AUDITOR'S INDEPENDENCE DECLARATION

for the year ended 31 July 2016

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

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

19 September 2016

Dear Board Members

Independence Declaration

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

As lead audit partner for the audit of the financial statements of New Hope Corporation Limited for the financial year ended 31 July 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants

FINANCIAL REPORT

for the year ended 31 July 2016

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1. Financial reporting segments	8. Receivables	15. Cash and cash equivalents	23. Financial risk management	29. Related party transactions
2. Revenue	9. Accounts payable	16. Held to maturity investments	**Group structure**	30. Share based payments
3. Other income	10. Inventories	17. Available for sale financial assets	24. Business combination	31. Parent entity financial information
4. Expenses	11. Property, plant and equipment	18. Lease liabilities	25. Interests in other entities	32. Deed of Cross Guarantee
5. Income taxes	12. Intangibles	19.Derivative financial instruments	**Unrecognised items**	33. Remuneration of Auditors
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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 3 to 12, which is not part of this financial report. The financial report was authorised for issue by the Directors on 19 September 2016. 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 2016

	Notes	2016 $000	2015 $000
Revenue from operations	2	531,459	505,781
Other income	3	4,846	1,177
		536,305	506,958
Expenses			
Cost of sales		(353,196)	(279,219)
Marketing and transportation		(150,278)	(137,409)
Administration		(8,152)	(9,010)
Other expenses		(13,563)	(8,591)
Acquisition costs expensed	4	(52,104)	-
Impairment of assets	4	(33,124)	(97,438)
Loss before income tax		**(74,112)**	**(24,709)**
Petroleum resource rent tax (expense)/benefit	5(a)	(3,574)	961
Income tax benefit	5(a)	24,006	1,927
Loss after income tax for the year		**(53,680)**	**(21,821)**
Loss attributable to:			
New Hope Shareholders		(53,679)	(21,820)
Non-controlling interests		(1)	(1)
		(53,680)	**(21,821)**
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	22	2,455	(33,861)
Transfer to profit and loss for cash flow hedges, net of tax	22	15,294	18,225
Exchange differences on translation of foreign operation	22	(258)	71
Changes to the fair value of available for sale financial assets, net of tax	22	-	(3,894)
Transfer to profit and loss - available for sale financial assets, net of tax	22	355	(1,151)
Other comprehensive income/(loss) for the year, net of tax		17,846	(20,610)
Total comprehensive loss for the year		**(35,834)**	**(42,431)**
Total comprehensive loss attributable to:			
New Hope Shareholders		(35,833)	(42,430)
Non-controlling interests		(1)	(1)
		(35,834)	**(42,431)**
Earnings per share for loss attributed to ordinary equity holders of the Company			
Basic loss per share (cents/share)	7	(6.5)	(2.6)
Diluted loss per share (cents/share)	7	(6.5)	(2.6)

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

BALANCE SHEET

as at 31 July 2016

	Notes	2016 $000	2015 $000
Current assets			
Cash and cash equivalents	15	91,162	24,789
Receivables	8	83,254	43,296
Inventories	10	53,518	57,613
Held to maturity investments	16	116	1,040,480
Current tax assets	5(d)	1,486	-
Derivative financial instruments	19	2,313	-
Total current assets		231,849	1,166,178
Non-current assets			
Receivables	8	1,200	2,029
Available for sale financial assets	17	3,364	7,986
Property, plant and equipment	11	1,340,415	502,113
Exploration and evaluation assets	13	382,048	377,120
Intangible assets	12	59,673	19,732
Total non-current assets		1,786,700	908,980
Total assets		**2,018,549**	**2,075,158**
Current liabilities			
Accounts payable	9	64,604	42,512
Lease liabilities	18	2,272	-
Current tax liabilities	5(d)	-	4,732
Derivative financial instruments	19	-	23,144
Provisions	14	45,733	32,262
Total current liabilities		112,609	102,650
Non-current liabilities			
Lease liabilities	18	12,588	-
Deferred tax liabilities	5(e)	51,575	60,186
Provisions	14	91,365	59,697
Total non-current liabilities		155,528	119,883
Total liabilities		**268,137**	**222,533**
Net assets		**1,750,412**	**1,852,625**
Equity			
Contributed equity	21	95,692	95,444
Reserves	22	24,353	6,632
Retained profits	22(b)	1,630,362	1,750,525
Capital and reserves attributable to New Hope Shareholders		1,750,407	1,852,601
Non-controlling interests		5	24
Total equity		**1,750,412**	**1,852,625**

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2016

	Notes	Contributed Equity $000	Reserves $000	Retained Earnings $000	Non-controlling Interests $000	Total $000
Balance at 1 August 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	20	-	-	(49,859)	-	(49,859)
Special dividend paid	20	-	-	(29,085)	-	(29,085)
Transfer from share based payment reserve to equity	22	325	(325)	-	-	-
Net movement in share based payment reserve	22	-	167	-	-	167
Share of non-controlling interests equity contributions		-	-	-	(26)	(26)
		325	(158)	(78,944)	(26)	(78,803)
Balance at 31 July 2015		**95,444**	**6,632**	**1,750,525**	**24**	**1,852,625**
Loss for the year		-	-	(53,679)	(1)	(53,680)
Other comprehensive profit		-	17,846	-	-	17,846
Total comprehensive loss for the year		**-**	**17,846**	**(53,679)**	**(1)**	**(35,834)**
Transactions with owners in their capacity as owners						
Dividends provided for or paid	20	-	-	(37,397)	-	(37,397)
Special dividend paid	20	-	-	(29,087)	-	(29,087)
Transfer from share based payment reserve to equity	22	248	(248)	-	-	-
Net movement in share based payment reserve	22	-	123	-	-	123
Share of non-controlling interests equity contributions		-	-	-	(18)	(18)
		248	(125)	(66,484)	(18)	(66,379)
Balance at 31 July 2016		**95,692**	**24,353**	**1,630,362**	**5**	**1,750,412**

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

CASH FLOW STATEMENT

for the year ended 31 July 2016

	Notes	2016 $000	2015 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		532,081	475,908
Payments to suppliers and employees inclusive of GST		(470,896)	(380,524)
		61,185	95,384
Acquisition costs expensed		(52,104)	-
Interest paid		(249)	-
Income taxes paid		(2,104)	(6,929)
Net cash inflow from operating activities	6	6,728	88,455
Cash flows from investing activities			
Payments for property, plant and equipment		(66,257)	(62,442)
Payments for intangibles		(38)	-
Payments for acquisition of business - Bengalla	24	(846,048)	-
Payments for acquisition of business - Other	24	(3,482)	-
Payments for exploration and evaluation assets		(17,774)	(53,215)
Receipt from available for sale financial assets		-	8,622
Refunds of/(payments for) security and bond guarantees		9	(98)
Net proceeds from held to maturity investments		1,032,412	23,792
Proceeds from sale of property, plant and equipment		822	333
Interest received		25,363	38,390
Net cash inflow from investing activities		125,007	(44,618)
Cash flows from financing activities			
Repayment of finance leases		(985)	-
Dividends paid		(66,484)	(78,944)
Net cash outflow from financing activities		(67,469)	(78,944)
Net increase/(decrease) in cash and cash equivalents		**64,266**	**(35,107)**
Cash and cash equivalents at the beginning of the financial year		24,789	57,015
Effects of exchange rate changes on cash and cash equivalents		2,107	2,881
Cash and cash equivalents at the end of the financial year	15	**91,162**	**24,789**

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

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

Basis of preparation

This financial report is a general purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001.*
- Complies with IFRS as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the consolidated Financial Statements, the company is a for profit entity.
- Adopts policies which are consistent with those of the previous financial year and corresponding interim reporting period.
- Has been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, derivative instruments carried at fair value, agricultural assets carried at fair value and inventory carried at net realisable value.
- Does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective (such as *AASB 15 Revenue from Contracts with Customers* and *AASB 9 Financial Instruments* (December 2010) as amended by 2013-9). Refer to note 34 for more information on this and other accounting policies.
- Is for a company which is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- Presents comparative information that has been reclassified where appropriate to enhance comparability.

Basis of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Hope Corporation Limited (Company or parent entity) as at 31 July 2016 and the results of all subsidiaries for the year then ended.

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

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

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

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

(ii) *Joint Arrangements*

For information on Joint Arrangements refer to note 25.

Other accounting policies

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

Key judgements and estimates

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

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1. FINANCIAL REPORTING SEGMENTS

Accounting policy

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

a. Description of segments

The Group has four reportable segments, namely Coal mining in Queensland (including mining related exploration, development, production, processing, transportation, port operations and marketing), Coal mining in New South Wales (including mining production, processing, transportation and marketing), Oil and gas (including oil and gas related exploration, development, production and processing) 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 CODM). The reportable segments reflect how performance is measured, and decisions regarding allocations of resources are made by the CODM.

Other immaterial coal mining and related operations that do not meet the quantitative thresholds requiring separate disclosure in *AASB 8 Operating Segments* have been combined with the Queensland coal mining operations. Segment information is presented on the same basis as that used for internal reporting purposes. Sales between segments are carried out at arm's length and are eliminated on consolidation.

b. Segment information

	Notes	Coal mining QLD $000	Coal mining NSW $000	Oil and gas $000	Treasury and investment $000	Total $000
Year ended 31 July 2016						
Revenue from external customers	2	**406,231**	**97,411**	**10,522**	**17,295**	**531,459**
EBITDA		**43,832**	**21,271**	**(1,901)**	**18,068**	**81,270**
Interest expense		(248)	(1)	-	-	(249)
Depreciation and amortisation	4	(54,523)	(16,234)	(4,148)	-	(74,905)
Profit/(loss) before tax and non regular items		**(10,940)**	**5,036**	**(6,049)**	**18,068**	**6,116**
Non regular items before tax ^		5,000	(51,862)	(28,388)	(4,978)	(80,228)
Profit/(loss) before tax after non regular items		**(5,940)**	**(46,826)**	**(34,437)**	**13,090**	**(74,112)**
Less Income tax benefit/(expense)		3,889	13,975	11,506	(5,363)	24,006
Less Petroleum resource rent tax expense		-	-	(3,574)	-	(3,574)
Profit/(loss) after tax after non regular items		**(2,051)**	**(32,851)**	**(26,505)**	**7,727**	**(53,680)**
Total segment profit before tax includes:						
Interest revenue	2	519	25	23	17,295	17,862
Reportable segment assets		**925,832**	**907,347**	**88,422**	**96,948**	**2,018,549**
Total segment assets includes:						
Additions to non-current assets		82,745	877,467	26,839	-	987,051

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

1. FINANCIAL REPORTING SEGMENTS (continued)

b. Segment information (continued)

	Notes	Coal mining QLD $000	Coal mining NSW $000	Oil and gas $000	Treasury and investment $000	Total $000
Year ended 31 July 2015						
Revenue from external customers	2	453,465	-	11,955	40,361	505,781
EBITDA		**93,420**	**-**	**(692)**	**40,033**	**132,761**
Interest expense		(1)	-	-	-	(1)
Depreciation and amortisation		(57,624)	-	(3,557)	-	(61,181)
Profit/(loss) before tax and non regular items		**35,795**	**-**	**(4,249)**	**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		**11,528**	**-**	**(59,862)**	**23,625**	**(24,709)**
Less Income tax benefit/(expense)		(2,505)	-	16,442	(12,010)	1,927
Less Petroleum resource rent tax benefit		-	-	961	-	961
Profit/(loss) after tax after non regular items		**9,023**	**-**	**(42,459)**	**11,615**	**(21,821)**
Total segment profit before income tax includes:						
Interest revenue	2	168	-	62	35,191	35,421
Reportable segment assets		**921,737**	**-**	**88,118**	**1,065,303**	**2,075,158**
Total segment assets includes:						
Additions to non-current assets		108,460	-	16,401	-	124,861

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

c. Other segment information

	2016 $000	2015 $000
(i) Segment revenue		
Total segment revenue by geographical location		
Japan	208,261	173,104
Taiwan/China	205,371	240,590
Chile	12,331	8,443
Korea/Indonesia	9,104	-
Other	24,650	-
Australia	54,448	48,453
	514,165	470,590
Investment income - Australia	17,294	35,191
	531,459	505,781

Included within revenue for the Coal mining - QLD segment is one customer that represents more than 10% of the Group's total revenue. For the year ended 31 July 2016, one customer contributed $182,520,000 (2015 - 240,590,000) in sales revenue, whilst in 2015 another customer contributed $62,952,000.

(ii) Segment assets

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

2. REVENUE

Accounting policy - revenue recognition

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

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

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

		2016 $000	2015 $000
Sales revenue			
Sale of goods		486,220	441,009
Services		22,358	23,305
		508,578	464,314
Other revenue			
Property rent		1,048	865
Interest		17,862	35,421
Sundry revenue		3,971	5,181
		531,459	505,781

3. OTHER INCOME

Gain on sale of investments held for sale - Dart Energy Limited		-	1,151
Land access compensation		5,000	-
Gain/(loss) on sale of property, plant and equipment		(154)	26
		4,846	1,177

4. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

Foreign exchange gains and losses			
Net foreign exchange gains		(2,107)	(2,881)
Depreciation			
Buildings	11	752	619
Plant and equipment	11	50,238	51,588
		50,990	52,207

4. EXPENSES (continued)

	Notes	2016 $000	2015 $000
Amortisation			
Mining reserves, leases and mine development	11	18,600	4,555
Software	12	1,027	1,426
Oil producing assets	11	3,593	2,993
Mining information	12	585	-
Water rights	12	110	-
		23,915	8,974
Doubtful debt expense^	8	6,377	-
Other charges against assets			
Impairment of available for sale investments (IGas Plc and Planet Gas Limited)	17	4,978	17,558
Impairment of oil producing assets (Bridgeport)	11	15,029	51,456
Impairment of oil exploration assets (Bridgeport)	13	13,117	-
Impairment of non current assets (Jeebropilly Coal to Liquids Facility)	11	-	24,267
Impairment of goodwill (Bridgeport)	12	-	4,157
		33,124	97,438
Acquisition costs expensed		52,104	-
Exploration costs expensed		14,150	15,976
Employee benefits expensed		100,782	86,513
Superannuation expensed*		7,131	6,031
Operating lease costs expensed		4,718	4,168

^ Doubtful debt expense is included in Other expenses.

* Superannuation expensed is included in Employee benefits expensed.

5. INCOME TAXES

Accounting policy

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

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

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

5. INCOME TAXES (continued)

Accounting policy (continued)

Tax consolidation legislation

New Hope Corporation Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 August 2003. All entities within the group are party to both Tax Sharing and Funding Agreements (TSA and TFA). The TSA, in the opinion of the Directors, limits the joint and several liability of each entity in the case of default by New Hope Corporation Limited. The TFA provides the basis to account for compensation for tax related items transferred between the subsidiaries and the head entity of the group. The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand alone tax payer in its own right.

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

Petroleum Resource Rent Tax (PRRT)

The Group accounts for current and deferred tax arising from PRRT in accordance with the requirements in relation to income tax as detailed above. New Hope Corporation Limited, as head company of the income tax consolidated group has made a PRRT consolidation election and as such the Group currently includes three PRRT consolidated groups at 31 July 2016 (two at 31 July 2015). The Group has accounted for its PRRT tax balances in accordance with the stand alone taxpayer method in alignment with its TFA.

	2016 $000	2015 $000
a. Income Tax Expense		
Income tax - Current tax expense	-	18,692
Income tax - Deferred tax benefit	(19,827)	(17,349)
Income tax - Adjustments for current tax of prior periods	(4,179)	(3,270)
Petroleum resource rent tax - Deferred tax expense/(benefit)	3,574	(961)
	(20,432)	**(2,888)**
Effective tax rate	27.6%	11.7%
Effective tax rate (excluding PRRT)	32.4%	7.8%

5. INCOME TAXES (continued)

	2016 $000	2015 $000
b. Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(74,112)	(24,709)
Income tax calculated at 30% (2015 - 30%)	(22,234)	(7,413)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-taxable entities	(104)	543
Effect of previously unrecognised capital losses	(1,500)	-
Gain on sale of available for sale financial assets	-	(345)
Impairment of available for sale financial assets	1,493	5,267
Impairment of goodwill	-	1,247
Income tax on petroleum resource rent tax	(1,072)	288
Sundry items	205	(220)
	(23,212)	(633)
Over provided in prior year	(794)	(1,294)
Petroleum resource rent tax (benefit)/expense	3,574	(961)
Income tax benefit	**(20,432)**	**(2,888)**
c. Tax expense relating to items of other comprehensive income		
Cash flow hedges (note 22)	(7,606)	6,701
	(7,606)	**6,701**
d. Reconciliation of income tax payable/(receivable)		
Loss before income tax	(74,112)	(24,709)
Income tax calculated at 30% (2015 - 30%)	(22,234)	(7,413)
Tax effected adjustments to taxable income:		
Non-taxable entities	(104)	543
Non temporary differences		
Non assessable income	(1,500)	-
Gain on sale of investments available for sale	-	(345)
Impairment of available for sale financial assets	1,493	5,267
Impairment of goodwill	-	1,247
Other non temporary items	205	(220)
Temporary differences:	13,575	19,575
Taxable income at 30% (2015 - 30%)	(8,565)	18,654
Tax losses generated	(8,565)	-
Current tax liability	-	18,654
Less: Tax instalments paid	(1,486)	(13,922)
Tax (refundable)/payable	**(1,486)**	**4,732**

5. INCOME TAXES (continued)

e. Deferred tax balances

	Net balance at 1 August $'000	Recognised in profit or loss $'000	Recognised in OCI $'000	Acquired in business combination $'000	Net $'000	Deferred tax assets $'000	Deferred tax liabilities $'000
2016							
Mine site rehabilitation provision	18,736	2,009	-	8,906	29,651	29,651	-
Property, plant and equipment	(6,809)	7,333	-	(10,186)	(9,662)	-	(9,662)
Capitalised exploration	(89,400)	(2,537)	-	-	(91,937)	-	(91,937)
Arising on petroleum resource rent tax	3,574	(3,574)	-	-	-	-	-
Cash flow hedges	6,912	-	(7,606)	-	(694)	-	(694)
Inventories	(6,933)	314	-	-	(6,619)	-	(6,619)
Other accounts receivable	(382)	2,270	-	(669)	1,219	-	1,219
Accrued expenses	704	(178)	-	113	639	639	-
Employee benefits	8,854	791	-	1,836	11,481	11,481	-
Other	(3,757)	(177)	-	-	(3,934)	-	(3,934)
Revenue tax losses	8,216	8,565	-	-	16,781	16,781	-
Capital losses	99	1,401			1,500	1,500	-
	(60,186)	**16,217**	**(7,606)**	**-**	**(51,575)**	**60,052**	**(111,627)**
2015							
Mine site rehabilitation provision	15,788	2,948	-	-	18,736	18,736	-
Property, plant and equipment	(26,216)	19,407	-	-	(6,809)	696	(7,505)
Capitalised exploration	(85,762)	(3,638)	-	-	(89,400)	-	(89,400)
Arising on petroleum resource rent tax	2,614	960	-	-	3,574	3,574	-
Cash flow hedges	211	-	6,701	-	6,912	6,943	-
Inventories	(7,185)	252	-	-	(6,933)	-	(6,933)
Other accounts receivable	(379)	(3)	-	-	(382)	-	(382)
Accrued expenses	904	(200)	-	-	704	704	-
Employee benefits	8,562	292	-	-	8,854	8,854	-
Other	(3,055)	(702)	-	-	(3,757)	74	(3,862)
Tax losses	9,321	(1,006)	-	-	8,315	8,315	-
	(85,197)	**18,310**	**6,701**	**-**	**(60,186)**	**47,896**	**(108,082)**

5. INCOME TAXES (continued)

e. Deferred tax balances (continued)

Accounting policy

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

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

	2016 $000	2015 $000
f. Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items		
Tax losses (Capital)	9,549	10,068
PRRT (net of income tax)	57,702	17,586
Temporary differences associated with available for sale financial assets	7,717	7,409
	74,968	35,063

Significant judgements and estimates

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

The recognised deferred tax assets include carried forward transferred losses from previous acquisitions and current period Group revenue losses. The deferred tax assets will be recoverable against future taxable income based on the current forecasts for the Group. The deferred tax assets will be recoverable against future taxable income over the estimated life of the Group's assets based on the current forecasts. Key judgements and estimates underpinning these forecasts are the estimated cash flows and reserves and resources detailed in note 11. Revenue tax losses do not expire and are deemed to be low risk of denial of utilisation.

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

6. RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX	2016 $000	2015 $000
Loss after income tax	(53,680)	(21,821)
Depreciation and amortisation	74,905	61,181
Non-cash employee benefit expense - share based payments	123	167
Impairment of non current assets	-	24,267
Impairment of goodwill	-	4,157
Impairment of available for sale financial assets	4,978	17,558
Impairment of oil producing assets	15,029	51,456
Impairment of oil exploration assets	13,117	-
Net foreign exchange gain	(2,107)	(2,881)
Net profit on sale of held for sale assets	-	(1,151)
Net profit/(loss) on sale of non-current assets	154	(26)
Interest income	(17,549)	(35,421)
Income taxes paid	(2,104)	(6,929)
Income tax benefit	(20,432)	(2,888)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables*	(20,729)	(33)
(Increase)/decrease in other receivables*	(2,954)	92
(Increase)/decrease in inventories*	16,559	(1,094)
(Increase)/decrease in prepayments*	(475)	(182)
(Increase)/decrease in other assets*	-	546
Increase/(decrease) in payables*	2,748	(84)
Increase/(decrease) in provisions and employee entitlements*	(855)	1,541
Net cash provided by operating activities	6,728	88,455

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

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

7. EARNINGS PER SHARE

Accounting policy

Basic earnings per share

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

Diluted earnings per share

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

7. EARNINGS PER SHARE (continued)

	Earnings per share (cents)	
	2016	**2015**
a. Basic earnings/(loss) per share attributable to ordinary equity holders of the Company	(6.5)	(2.60)
b. Diluted earnings/(loss) per share attributable to ordinary equity holders of the Company	(6.5)	(2.60)

	Basic and Diluted	
	2016	**2015**
	$000	**$000**
c. Reconciliation of adjusted profits		
Loss attributable to the ordinary equity holders of the Company	(53,679)	(21,820)

	Consolidated	
	2016	**2015**
d. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares (basic)	831,050,306	830,999,449
Rights	438,136	167,423
Weighted average number of ordinary shares (diluted)	831,488,442	831,166,872

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 30.

8. RECEIVABLES

Accounting policy

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

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

Impairment

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

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

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

8. RECEIVABLES (continued)

	2016	2015
Current	**$000**	**$000**
Trade receivables (a)	60,659	26,108
Less: Provision for doubtful debts	(6,377)	-
Other receivables (b)	24,209	13,454
Prepayments	4,763	3,734
	83,254	43,296
Non-current		
Prepayments	-	213
Other receivables	1,200	1,816
	1,200	2,029

a. Recoverable receivable

As of 31 July 2016, trade receivables past due but not impaired were $14,251,000 (2015: $6,498,000). This receivable relates solely to invoices issued by Queensland Bulk Handling Pty Ltd (QBH) (a wholly owned subsidiary of New Hope Corporation Limited) to Peabody (Willkie Creek) Pty Limited for coal port services. The amounts invoiced to Peabody were 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 was heard on 30 July 2015 and was dismissed. QBH commenced a further action against Peabody in the Supreme Court of Queensland on 8 December 2015.

Subsequent to 31 July 2016, an agreed settlement (in principle conditional upon the execution of a Settlement Deed which is currently being negotiated) for an amount of $12,950,000 plus GST has been achieved. A doubtful debt expense of $6,377,000 (refer note 4) has been recognised against the total amount initially invoiced and recognised as a receivable in order to bring the amount outstanding at 31 July 2016 in line with the in principle settlement amount. While the amount is past due, it is considered recoverable at year end.

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, GST refunds receivable and security deposits. None of these receivables are impaired or past due but not impaired.

c. Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 23. In both the current and prior year all non-current receivables are non-interest bearing.

d. Fair value and credit risk

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value. The fair value of non-current receivables approximates their carrying amounts. Information about the Group's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 23.

9. ACCOUNTS PAYABLE

Accounting policy

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

	2016	2015
	$000	**$000**
Trade payables and accruals	64,604	42,512

10. INVENTORIES

Accounting policy

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

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

	2016 $000	2015 $000
Coal stocks	26,818	33,482
Self-generating and regenerating assets	2,076	1,305
Raw materials and stores at cost	24,624	22,826
	53,518	57,613

a. Inventory expense

Coal stocks recognised as an expense during the year ended 31 July 2016 amounted to $211,394,000 (2015 - $200,357,000). The cost of inventories recognised includes $79,000 resulting from the reversal of write-downs to net realisable value in the prior period. Previous write-downs have been reversed as a result of increased selling prices in the current market.

Raw materials recognised as an expense during the year ended 31 July 2016 amounted to $72,310,000 (2015 - $58,802,000).

11. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other 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 over its expected economic life to the consolidated entity. Each item's useful life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources of the mine property at which the item is located. Estimates of residual values and remaining useful lives are made on an annual basis. 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

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

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.

Deferred stripping costs

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

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

Impairment

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to 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). Annual assessments of impairments reversals are undertaken.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Significant judgements and estimates - impairment of assets

(a) Impairment assessment

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

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

Where the recoverable amounts of the Group's CGU's are tested for impairment using analyses of discounted cash flows, the resulting valuations are also sensitive to changes in estimates of long-term commodity prices, production timing and recovery rates, exchange rates, operating costs, reserve and resource estimates, closure costs and discount rates. Estimates in respect of the timing of project expansions and the cost to complete asset construction are also critical to determining the recoverable amounts for cash-generating units (refer (c) below in relation to specific considerations related to Acland Stage 3 approvals).

(b) Estimation of coal reserves and resources

The Group estimates its coal reserves and resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC code, which is produced by the Australasian Joint Ore Reserves Committee).

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

Changes in coal reserves could have an impact on: the calculation of depreciation, amortisation and impairment charges; the timing of the payment of closedown and restoration costs; and the recovery of deferred tax assets. Changes in coal resources could have an impact on the recoverability of Exploration and evaluation costs capitalised (refer note 13).

(c) New Acland Stage 3 approvals

There remain a number of uncertainties associated with the approvals timeline and ultimate conditionality of the New Acland Stage 3 project. The lengthy duration of the approval process may result in a delay to the commencement of stage3 operations. The financial statements have been prepared on the basis of a reasonable expectation the Group will be successful in securing approval for the Acland Stage 3 expansion during the next financial year. If this was not to occur, it could impact the assessment of recoverable amount for property, plant and equipment at the New Acland site as well as the calculation of depreciation, amortisation and rehabilitation provisions.

Note 11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and Buildings Mining $'000	Land and Buildings Non-mining $'000	Plant and Equipment $'000	Mining Reserves and Leases $'000	Mine Development $'000	Oil Producing Assets $'000	Plant under construction $'000	Total $'000
At 1 August 2014								
Cost	146,409	11,626	573,480	9,813	63,738	94,113	31,785	930,964
Accumulated depreciation/amortisation	(779)	(1,954)	(299,843)	(8,180)	(50,655)	(3,039)	-	(364,450)
Net book amount	**145,630**	**9,672**	**273,637**	**1,633**	**13,083**	**91,074**	**31,785**	**566,514**
Year ended 31 July 2015								
Additions	11,560	68	23,703	530	8,937	11,208	15,424	71,430
Transfers in/(out)	-	3,222	20,661	-	-	(616)	(23,267)	-
Transfers from Exploration and evaluation (note 13)	-	-	-	-	-	127	-	127
Transfers to Intangibles (note 12)	-	-	-	-	-	-	(170)	(170)
Disposal of assets	-	-	(312)	-	-	-	-	(312)
Impairment of assets	-	(2,867)	(21,400)	-	-	(51,456)	-	(75,723)
Depreciation/amortisation expense	(130)	(487)	(51,588)	(483)	(4,072)	(2,993)	-	(59,753)
At 31 July 2015								
Cost	157,969	14,916	617,532	10,343	72,675	104,832	23,772	1,002,039
Accumulated depreciation/amortisation	(909)	(5,308)	(372,831)	(8,663)	(54,727)	(57,488)	-	(499,926)
Net book amount	**157,060**	**9,608**	**244,701**	**1,680**	**17,948**	**47,344**	**23,772**	**502,113**
Year ended 31 July 2016								
Additions	577	10	39,700	602	4,191	4,277	37,332	86,689
Acquisition of business - Bengalla (note 24)	14,926	-	156,956	633,267	17,932	-	6,451	829,532
Acquisition of business - Other	58	-	237	-	-	11,483	-	11,778
Transfers in/(out)	(101)	231	11,739	-	1,354	189	(13,412)	-
Transfers to Exploration and evaluation (note 13)	-	-	-	(530)	-	1	-	(529)
Transfers to Intangibles (note 12)	-	-	-	-	-	-	(126)	(126)
Disposal of assets	(762)	-	(68)	-	-	-	-	(830)
Impairment of assets	-	-	-	-	-	(15,029)	-	(15,029)
Depreciation/amortisation expense	(305)	(447)	(50,238)	(10,717)	(7,883)	(3,593)	-	(73,183)
At 31 July 2016								
Cost	172,667	15,157	826,096	643,682	96,152	120,782	54,017	1,928,553
Accumulated depreciation/amortisation	(1,214)	(5,755)	(423,069)	(19,380)	(62,610)	(76,110)	-	(588,138)
Net book amount	**171,453**	**9,402**	**403,027**	**624,302**	**33,542**	**44,672**	**54,017**	**1,340,415**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Finance leases

Accounting policy

Plant, fixtures and motor vehicles includes the following amounts where the Group is a lessee under a finance lease (refer to note 18 for further details).

	2016	2015
Leasehold equipment	**$000**	**$000**
Cost	15,845	-
Accumulated depreciation	(1,346)	-
	14,499	-

Significant judgements and estimates

The Group has made significant judgements and estimates in relation to the recoverability of the coal to liquids facility proof of concept plant and oil producing assets and associated goodwill. Impairment charges to property, plant and equipment are as follows:

	2016	2015
	$000	**$000**
Land and buildings (non-mining) (a)	-	2,867
Plant, fixtures and motor vehicles (a)	-	21,400
Oil producing assets (b)	15,029	51,456
	15,029	75,723

(a) Impairment of land and buildings (non-mining) and plant

In 2015, it was evident that the carrying value of the proof of concept plant exceeded the recoverable amount of the plant and as such a decision was taken to fully impair the carrying value of the asset.

(b) Impairment of oil producing assets and associated goodwill

The Group has determined that due to the continued significant decline in global oil prices there is an indicator that the carrying value of certain oil producing assets are 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 CGUs 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 USD41-USD85 (2015: USD62-USD91) (before escalation) and AUD/USD exchange rates of 0.72-0.75 (2015: 0.75-0.93). The future cashflows have been discounted using an after tax discount rate of 10% (2015: 10%).

The recoverable amount and impairment loss calculated under the FVLCD method of the CGUs determined to be impaired are:

	2016		2015	
	Recoverable amount	**Impairment loss**	**Recoverable amount**	**Impairment loss**
	$000	**$000**	**$000**	**$000**
Cooper Basin PL98	6,901	8,342	12,869	51,410
Cooper Basin PL214	1,383	5,673	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	(1,097)	1,014	(277)	1,613
Cooper Basin PL15	-	-	-	1,045
	7,187	15,029	19,311	55,613

12. INTANGIBLES

Accounting policy

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.

Water rights and Mining information

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

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Goodwill is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to 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.

Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Refer to note 11 for details of impairment testing. Goodwill impairments are not reversible.

	Software $'000	Goodwill $'000	Water rights $'000	Mining information $'000	Total $'000
At 1 August 2014					
Cost	12,853	22,024	-	-	34,877
Accumulated amortisation and impairment	(9,996)	-	-	-	(9,996)
Net book amount	2,857	22,024	-	-	24,881
Year ended 31 July 2015					
Additions	264	-	-	-	264
Transfers in/(out) (note 11)	170	-	-	-	170
Impairment of assets	-	(4,157)	-	-	(4,157)
Amortisation charge	(1,426)	-	-	-	(1,426)
At 31 July 2015					
Cost	13,224	22,024	-	-	35,248
Accumulated amortisation and impairment	(11,359)	(4,157)	-	-	(15,516)
Net book amount	1,865	17,867	-	-	19,732
Year ended 31 July 2016					
Additions	38	-	-	-	38
Acquisition of business - Bengalla (note 24)	40	-	6,560	34,900	41,500
Transfers in/(out) (note 11)	126	-	-	-	126
Amortisation charge	(1,027)	-	(110)	(585)	(1,722)
At 31 July 2016					
Cost	13,428	22,024	6,560	34,900	76,912
Accumulated amortisation and impairment	(12,386)	(4,158)	(110)	(585)	(17,239)
Net book amount	1,042	17,866	6,450	34,315	59,673

12. INTANGIBLES (continued)

Critical estimate - Goodwill impairment assessment

Goodwill cost relates to the acquisition of Queensland Bulk Handling Pty Ltd ($5,596,000) and Northern Energy Corporation Limited (NEC) ($12,271,000).

The recoverable amount of the CGU to which NEC goodwill is attributable has been based on FVLCD using a comparable resource transaction multiple multiplied by the resources attributable to this CGU. This assessment is determined under Level 2 of the fair value hierarchy based on observable external market data for reserve and resource transaction multiples, rather than quoted prices. Observable transactions included in the assessment of an appropriate multiple are comparable transactions in the last 3 years for Australian coal exploration projects with the same coal type as the CGU's assets. The estimation of the resources used to determine the recoverable amount requires judgement and assumptions as detailed in note 11.

The recoverable amount of the QBH CGU has been based on value in use calculations using a discounted cashflow model. The future cashflows have been discounted using a post tax rate of 10% (31 July 2015: 10%).

a. Goodwill impairment

There was an impairment of goodwill recognised in the year ended 31 July 2015 of $4,157,000. This impairment related to the goodwill on the Bridgeport acquisition in 2012. Details of the FVLCD impairment assessment are included in note 11.

13. EXPLORATION AND EVALUATION

Accounting policy

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 are expensed.

Critical judgements in applying the entity's accounting policy

Exploration and evaluation expenditure

During the year the entity capitalised various items of expenditure to the exploration expenditure asset. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining operations, which will subsequently be amortised over the 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.

	2016 $000	2015 $000
Exploration and evaluation at cost	124,616	120,219
Exploration and evaluation - mining reserves acquired	257,432	256,901
	382,048	377,120
Reconciliation		
Carrying amount at beginning of year	377,120	323,816
Additions	17,514	53,431
Impairment of assets	(13,117)	-
Transfers in/(out) (note 11)	530	(127)
Carrying amount at end of year	382,048	377,120

Critical estimate - impairment oil exploration assets

There are two oil exploration tenements which will shortly be required to commence renewal processes. Due to the prospectivity of these oil exploration tenures it is currently anticipated that a full relinquishment will arise in respect of these tenures and management have no intention of further exploring or development the resource. As such, it has been determined that the recoverable amount for these tenures is nil and a full impairment has been recognised for the carrying value of $8,998,000. In addition, there are two further Victorian oil exploration tenures which are subject to government moratorium until at least 2020. With the uncertainty of future exploitation of these tenures a full impairment of $4,119,000 has been recognised in respect of the exploration asset.

14. PROVISIONS

Accounting policy

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 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. These are measured at the amounts expected to be paid when the liabilities are settled. The liability of annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 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.

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.

	Employee benefits	Rehabilitation	Total
	$000	$000	$000
2016			
Current	34,160	11,573	45,733
Non-current	5,269	86,096	91,365
	39,429	97,669	137,098
2015			
Current	27,415	4,847	32,262
Non-current	3,351	56,346	59,697
	30,766	61,193	91,959

14. PROVISIONS (continued)

a. Mining restoration and rehabilitation

Movements	2016 $000	2015 $000
Carrying amount at beginning of year	61,193	52,486
Provision capitalised/(written down)	(3,118)	8,624
Provision credited to profit and loss	(578)	(2,348)
Provision arising on acquisition	37,982	-
Charged to profit and loss - unwinding of discount	2,190	2,431
Carrying amount at end of year	97,669	61,193

Significant estimate - determination of coal reserves estimates and rehabilitation costs

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

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

The estimation of coal reserves and resources are also a key judgement that affects the timing of the payment of closedown and restoration costs as detailed in note 11.

b. Employee benefits

	2016 $000	2015 $000
Long service leave obligations expected to be settled after 12 months	10,478	7,187

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.

15. CASH AND CASH EQUIVALENTS

Accounting policy

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

	2016 $000	2015 $000
Cash at bank and on hand	91,162	24,789

15. CASH AND CASH EQUIVALENTS (continued)

a. Cash at bank and on hand

Cash at bank and on hand includes deposits for which there is a short term identified use in the operating cash flows of the Group, and attracts interest at rates between 0% and 1.9% (2015 - 0% to 2.93%).

b. Risk exposure

Information about the Group's exposure to foreign exchange risk and credit risk is detailed in note 23.

16. HELD TO MATURITY INVESTMENTS

Accounting policy

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

Impairment

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

	2016	2015
	$000	$000
Term Deposits	116	1,040,480

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 2.44% (2015 - 2.77%). 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 23.

17. AVAILABLE FOR SALE FINANCIAL ASSETS

Accounting policy

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.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Such assets are impaired and impairment losses 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 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.

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.

17. AVAILABLE FOR SALE FINANCIAL ASSETS (continued)

	2016 $000	2015 $000
Listed equity securities	3,361	7,983
Unlisted equity securities	3	3
	3,364	7,986

During the year equity securities held were impaired by $4,622,000 (2015 - $17,558,000). In addition $356,000 was transferred from reserves to profit or loss.

Critical judgements in applying the accounting policy
In the 2016 financial statements, the Group made a significant judgement about the impairment of one of its available for sale financial assets. As a result of a prolonged decline in the fair value of the security it was considered to be impaired and a loss recognised in profit and loss.

18. LEASE LIABILITIES

Accounting policy

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

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

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

a. Secured - finance lease liabilities	2016 $000	2015 $000
Current	2,272	-
Non-current	12,588	-
	14,860	-

The group leases various plant and equipment with a carrying amount of $14,499,000 (2015: $nil) under finance leases expiring within four to five years. Refer to note 11 for further detail on these assets.

Commitments in relation to finance lease are payable as follows:		
Within one year	2,767	-
Later than one year but not later than five years	13,653	-
Minimum lease payments	16,420	-
Future finance charges	(1,560)	-
Total lease liability	14,860	-

The present value of finance lease liabilities is as follows:		
Within one year	2,272	-
Later than one year but not later than five years	12,588	-
Minimum lease payments	14,860	-

Secured liability

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

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 23.

19. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Forward foreign exchange contracts

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

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.

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.

	2016	2015
Current assets	**$000**	**$000**
Forward foreign exchange contracts	2,313	-
Current liabilities		
Forward foreign exchange contracts	-	23,144

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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. 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 an asset with a fair value of $2,313,000 (2015 - liability with a fair value of $23,144,000). At balance date the details of outstanding contracts are:

	Sell US Dollars Buy Australian Dollars		Average exchange rate	
	2016	2015	2016	2015
Maturity	$000	$000		
0 to 6 months	7,297	82,116	0.68520	0.84027
6 to 12 months	21,831	84,188	0.68709	0.80771
	29,128	166,304		

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 $29,128,000 (2015 - $166,305,000) was receivable (AUD equivalents).

20. DIVIDENDS

Accounting policy

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

	2016 $000	2015 $000
a. Ordinary dividend paid		
2014 final dividend at 2.00 cents per share - 100% franked (tax rate - 30%) (paid on 4 Nov 2014)	-	16,619
2014 special dividend at 3.50 cents per share - 100% franked (tax rate - 30%) (paid on 4 Nov 2014)	-	29,085
2015 interim dividend at 4.00 cents per share - 100% franked (tax rate - 30%) (paid on 5 May 2015)	-	33,240
2015 final dividend at 2.50 cents per share - 100% franked (tax rate - 30%) (paid on 3 Nov 2015)	20,776	-
2015 special dividend at 3.50 cents per share - 100% franked (tax rate - 30%) (paid on 3 Nov 2015)	29,087	-
2016 interim dividend at 2.00 cents per share - 100% franked (tax rate - 30%) (paid on 3 May 2016)	16,621	-
Total dividends paid	**66,484**	**78,944**

b. Proposed dividends

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 2.0 cents (2015 - 2.5 cents per share final dividend and a 3.5 cents per share special dividend). The dividend is fully franked based on tax paid at 30%. The proposed dividend expected to be paid on 1 November 2016 but not recognised as a liability at year end is $16,621,000 (2015 - $49,860,000).

c. Franked dividends

The franked portions of the final dividend recommended after 31 July 2016 will be franked out of existing franking credits.

	2016	2015
Franking credits available for subsequent financial years based on a tax rate of 30% (2015 - 30%)	467,998	497,414

20. DIVIDENDS (continued)

c. Franked dividends (continued)

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for franking debits that will arise from the payment/refund of income tax, franking debits that will arise from the payment of dividends recognised as a liability at the reporting date and franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date. The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $7,123,000 (2015 - $21,369,000).

d. Dividend

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

21. CONTRIBUTED EQUITY

Accounting policy

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

a. Ordinary shares

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

b. Rights

Information relating to the 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 30.

	2016	2016	2015	2015
c. Share Capital	**No. of shares**	**$000**	**No. of shares**	**$000**
Issued and paid up capital	831,050,676	95,692	830,999,449	95,444

d. Movements in share capital

Date	Details	Number of Shares	Issue Price	$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 22)	-		1,777
1 August 2014	Vesting of performance rights	66,337	$0.0000	-
31 July 2015	Transfer from SBP reserve to Equity (note 22)	-		325
31 July 2015	**Balance**	**830,999,449**		**95,444**
4 August 2015	Vesting of performance rights	51,227	$0.0000	-
31 July 2016	Transfer from SBP reserve to Equity (note 22)	-		248
31 July 2016	**Balance**	**831,050,676**		**95,692**

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.

22. RESERVES

	Notes	Capital profits	AFS financial assets	Revaluation	Hedging	Share-based payment	FCTR*	Premium paid on NCI^	Total
		$000	$000	$000	$000	$000	$000	$000	$000
At 1 August 2014		1,343	4,690	27,412	(565)	549	-	(6,029)	27,400
Transfer to net profit - gross		-	-	-	25,864	-	-	-	25,864
Transfer to net profit - deferred tax	5(c)	-	-	-	(7,710)	-	-	-	(7,710)
Currency translation - subsidiary		-	-	-	-	-	71	-	71
Revaluation - gross		-	(5,045)	-	(48,271)	-	-	-	(53,316)
Revaluation - deferred tax	5	-	-	-	14,481	-	-	-	14,481
Other comprehensive income		1,343	(355)	27,412	(16,201)	549	71	(6,029)	6,790
Transactions with owners in their capacity as owners									
Share based payment expense	29(e)	-	-	-	-	167	-	-	167
Transfer to contributed equity	21(d)	-	-	-	-	(325)	-	-	(325)
At 31 July 2015		**1,343**	**(355)**	**27,412**	**(16,201)**	**391**	**71**	**(6,029)**	**6,632**
At 1 August 2015		1,343	(355)	27,412	(16,201)	391	71	(6,029)	6,632
Transfer to net profit - gross		-	355	-	21,848	-	-	-	22,203
Transfer to net profit - deferred tax	5(c)	-	-	-	(6,554)	-	-	-	(6,554)
Currency translation - subsidiary		-	-	-	-	-	(258)	-	(258)
Revaluation - gross		-	-	-	3,507	-	-	-	3,507
Revaluation - deferred tax	5	-	-	-	(1,052)	-	-	-	(1,052)
Other comprehensive income		1,343	-	27,412	1,548	391	(187)	(6,029)	24,478
Transactions with owners in their capacity as owners									
Share based payment expense	29(e)	-	-	-	-	123	-	-	123
Transfer to contributed equity	21(d)	-	-	-	-	(248)	-	-	(248)
At 31 July 2016		**1,343**	**-**	**27,412**	**1,548**	**266**	**(187)**	**(6,029)**	**24,353**

Nature and purpose of reserves

Capital profits

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

* FCTR - Foreign currency translation reserve. ^ NCI - Non-controlling interest.

22. RESERVES (continued)

Available for sale investments revaluation

Changes in the fair value of investments classified as available for sale financial assets are taken to this reserve. Amounts are recognised in 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 19. 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.

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 34(a) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	2016 $000	2015 $000
b. Retained profits		
Carrying amount at beginning of year	1,750,525	1,851,289
Net profit/(loss) after income tax	(53,679)	(21,820)
Dividends paid (note 20)	(66,484)	(78,944)
Carrying amount at end of year	1,630,362	1,750,525

23. FINANCIAL RISK MANAGEMENT

Accounting policy

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

23. FINANCIAL RISK MANAGEMENT (continued)

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

	Available for Sale	Hedging Derivatives	Amortised at cost	Total
	$000	$000	$000	$000
Financial assets				
2016				
Cash and cash equivalents	-	-	91,162	91,162
Trade and other receivables	-	-	78,491	78,491
Available for sale financial assets	3,364	-	-	3,364
Held to maturity investments	-	-	116	116
Derivative financial instruments	-	2,313	-	2,313
	3,364	**2,313**	**169,769**	**175,446**
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
Other financial assets	-	-	369	369
	7,986	**-**	**1,106,647**	**1,114,633**
Financial liabilities				
2016				
Borrowings	-	-	14,860	14,860
Trade and other payables	-	-	64,604	64,604
	-	**-**	**79,464**	**79,464**
2015				
Trade and other payables	-	-	42,512	42,512
Derivative financial instruments	-	23,144	-	23,144
	-	**23,144**	**42,512**	**65,656**

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.

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.

23. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

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

	2016 USD $000	2015 USD $000
Cash and cash equivalents	9,135	3,586
Trade receivables	13,501	11,299
Forward exchange contracts - sell foreign currency (cash flow hedges)	20,000	137,000
Trade payables	389	11

Group sensitivity

Based on the trade receivables, cash and trade payables held at 31 July 2016, 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 $2,300,000/($1,882,000) (2015 - $1,588,000/($1,300,000)), 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 2016, 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 $2,961,000/($2,419,000) (2015 - $21,075,000/($17,208,000)). 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.

	Impact on post-tax profit		Impact on equity	
Index	2016 $000	2015 $000	2016 $000	2015 $000
All Ordinaries - 10% increase	-	-	306	593
All Ordinaries - 10% decrease	-	-	(306)	(593)

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.

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.

23. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk (continued)

Credit risk further arises in relation to financial guarantees given to certain parties (see note 26). 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.

	2016 $000	2015 $000
Trade receivables	83,254	42,927
Cash at bank and short term bank deposits	91,162	24,789
Held to maturity investments	116	1,040,480
Derivative financial instruments	2,313	-

c. Liquidity risk

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

Financing arrangements

The Group's only significant external borrowings relate to finance leases detailed in note 18. The maturity of these finance leases are shown in (d) below.

d. Maturity of financial liabilities

The maturity groupings of derivative financial instruments are detailed in note 19.

Trade and other payables (note 9) are normally settled within 45 days of recognition. The Group's borrowings (note 18) comprise finance leases payable over a period of four to five years. The finance lease are fixed rate leases with a weighted average interest rate of 3.58%.The table below details the contractual maturities of finance lease liabilities:

	0 to 6 months $000	6 to 12 months $000	1 to 2 years $000	2 to 5 years $000	Total $000	Carrying amount $000
Finance leases	1,383	1,384	2,767	10,886	16,420	14,860

23. FINANCIAL RISK MANAGEMENT (continued)

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 notes 15 and 16 for details.

Based on the deposits held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by $1,000 (2015 - $7,228,000).

f. Fair value measurements

Accounting policy - fair value estimation

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

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

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

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets measured and recognised at fair value as at 31 July 2016 and 31 July 2015.

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

23. FINANCIAL RISK MANAGEMENT (continued)

f. Fair value measurements (continued)

2015	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
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

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.

24. BUSINESS COMBINATION

Accounting policy

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

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

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

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

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

24. BUSINESS COMBINATION (continued)

a. Summary of acquisition - joint operation

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

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

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

There were no acquisitions in the year ended 31 July 2015.

Revenue and profit contribution

The acquired business contributed revenues of $97,411,000 and profit before tax since acquisition $5,036,000 (i.e. before non regulars) to the Group for the period 1 March 2016 to 31 July 2016. Due to the variability in key market factors and operational variations it is considered impractical to disclose an estimated revenue and profit/(loss) assuming the acquisition had occurred 1 August 2015. The anticipated increase in production and sales tonnes annually are 3,360,000 tonnes.

b. Purchase Consideration

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

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

c. Summary of acquisition - oil producing asset business

During the year ended 31 July 2016, the Group acquired a business constituting the Moonie oil producing and exploration fields and also the previously unowned 40% joint operation interest in the Utopia oil producing and exploration fields. These transactions constitute business combinations. The acquisitions resulted in cash outflows of $3,482,000 for the acquisition of oil producing assets and assumption of rehabilitation related provisions.

Significant judgement and estimate - Acquisition fair value

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

25. INTERESTS IN OTHER ENTIITIES

Accounting policy

a. Subsidiaries

Significant New Hope 100% owned subsidiaries are as per note 32. In addition, the company also holds 100% ownership in New Hope Bengalla Pty Ltd, Bridgeport Energy Limited and Northern Energy Corporation Limited.

b. Joint arrangements

Accounting policy

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

Joint operations

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

Joint ventures

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

(i) **Bengalla Joint Venture**

On 1 March 2016 New Hope Corporation Limited acquired indirectly through New Hope Bengalla Pty Ltd, from a subsidiary of Rio Tinto, a 40 percent interest in the Bengalla thermal coal mine in New South Wales. This joint operation is managed by Bengalla Mining Company Pty Limited (BMC). BMC is owned proportionately by the Bengalla Joint Venture participants.

(ii) **Lenton Joint Venture**

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

(iii) **Yamala Joint Venture**

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

(iv) **Cuisinier Joint Venture**

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

Critical judgement - classification of joint arrangements as a joint operation

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

26. CONTINGENT LIABILITIES

	2016 $000	2015 $000
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.	14,249	15,968
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stage 1 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.	12,494	9,095
No losses are anticipated in respect of any of the above contingent liabilities.		
Lines of credit		
Unrestricted access was available at balance date to the following lines of credit:		
Guarantee facility - available	135,000	100,000
Guarantee facility - utilised	118,411	75,899
Unused at balance date	16,589	24,101
The parent entity has given unsecured guarantees in respect of:		
(i) Mining restoration and rehabilitation	91,667	50,836
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers	26,744	25,063
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.		

27. COMMITMENTS

a. Capital commitments

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

	2016 $000	2015 $000
Property plant and equipment		
Within one year	8,705	7,002
The Group's share of the Bengalla Joint Venture capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Within one year	6,004	-

b. Lease commitments: Group as lessee

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

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

	2016 $000	2015 $000
Within one year	4,622	4,081
Later than one year but not later than five years	19,769	18,105
Later than five years	36,434	41,321
	60,825	63,507
The Bengalla Joint Venture leases property, plant and equipment. The Group's share of commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	5,765	-
Later than one year but not later than five years	7,732	-
Later than five years	732	-
	14,229	-

27. COMMITMENTS (continued)

c. Take or pay commitments

The Group has purchase obligations in relation to take or pay agreements which are legally binding and enforceable with Queensland Rail (QR), Aurizon, Wetalla Water and Wiggins Island Coal Export Terminal.

In relation to access charges payable for use of the Western System rail line, the Queensland Competition Authority (QCA) has assessed QR's draft access undertaking and made a final decision to refuse to approve it. In the final decision the QCA provided a mechanism for an adjustment amount to address the disparity between tariffs which have been charged since 1 July 2013 and the tariffs in the QCA's final decision. QR must submit an amended draft access undertaking for review by the QCA by 15 September 2016. In light of the fact that there is not yet an approved access undertaking in place, these financial statements do not reflect any adjustment amount.

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 3 August 2016, Bridgeport (Cooper Basin) Pty Ltd entered a contract to acquire oil producing and exploration assets in the Cooper Basin from Beach Energy Limited. The acquisition is in the greater Kenmore Bodalla region and is expected to produce synergies with the Bridgeport Group's existing oil producing fields in South West Queensland in relation to operational and transportation activities. The acquisition is expected to represent an increase of approximately 145,000 barrels per annum to Bridgeport production and is expected to be complete by the end of the calendar year.

29. 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 2016 owned 59.65% (2015 - 59.65%) of the issued ordinary shares of New Hope Corporation Limited.

	2016	2015
b. Transactions with related parties	**$**	**$**
Reimbursement of travel related expenses paid to Australian controlling entity (WHSP)	3,098	12,251
Dividends paid to ultimate Australian controlling entity (WHSP)	39,655,713	47,091,160

c. Outstanding balances arising from sales/purchases of goods and services

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

d. Terms and conditions

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

e. Key management personnel

(i) Directors

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

Chairman - Non-executive

Mr R.D. Millner

Non-executive Directors

Mr D.J. Fairfull (retired 19 November 2015)
Mr T.J Barlow
Mr W.H. Grant
Mr T.C. Millner (appointed 16 December 2015)
Ms S.J. Palmer
Mr I.M. Williams

Executive Directors

Mr S.O. Stephan

29. RELATED PARTY TRANSACTIONS (continued)

e. Key management personnel (continued)

(ii) Other key management personnel

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

Name	Position	Employer
Mr S.O. Stephan	Managing Director	New Hope Corporation Limited
Mr B.D. Denney	Chief Operating Officer (retired 18 December 2015)	New Hope Corporation Limited
Mr A.L Boyd	Chief Operating Officer (appointed 21 December 2015)	New Hope Corporation Limited
Mr M.J. Busch	Chief Financial Officer	New Hope Corporation Limited

	2016	2015
	$	$
(iii) Key management personnel compensation		
Short-term employee benefits	3,552,534	3,508,417
Long-term employee benefits	54,325	34,520
Post employment benefits	147,962	142,588
Termination benefit	136,316	-
Share based payment	123,250	167,087
	4,014,387	3,852,612

Detailed remuneration disclosures can be found in sections (a) to (j) of the remuneration report on pages 17 to 25.

f. Other transactions of key management personnel

Mr R.D. Millner, Mr P.R. Robinson and T.J. Barlow are Directors of WHSP, the ultimate parent entity of New Hope Corporation Limited and Pitt Capital Partners Limited. Pitt Capital Partners Limited acted as financial advisor to the Group for various corporate transactions during the 2016 and 2015 financial years. All transactions are at normal commercial terms.

Aggregate amounts of each of the above types of transactions with the above were as follows:	2016	2015
	$	$
Financial advice^	6,488,295	379,269

^ The increase in financial advice costs is predominantly attributable to a success fee paid on the Bengalla acquisition (refer note 24).

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

g. Loans to key management personnel

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

30. SHARE-BASED PAYMENTS

Accounting policy

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

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

30. SHARE-BASED PAYMENTS (continued)

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.

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

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in the company following the satisfaction of the relevant service and performance conditions. Service and performance conditions applicable to each issue of rights are determined by the Directors at the time of grant. Total expense arising from rights issued under the Rights Plan during the financial year was $123,000 (2015 - $167,000).

Rights

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

	2016		2015	
	Average price per share	Number of rights	Average price per share	Number of rights
As at 1 August	$2.696	216,334	$4.694	148,442
Granted during the year	$2.084	414,841	$1.581	134,229
Forfeited during the year	$1.875	(95,103)	-	-
Vested during the year	$4.782	(51,277)	$5.047	(66,337)
As at 31 July	$2.112	484,795	$2.696	216,334

The weighted average share price at the date of vesting of rights during the 2016 year was $2.08 (2015 - $2.95).

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 2016	Share rights 2015
17 Dec 2011	1 Aug 2015	$5.840	-	20,447
17 Dec 2012	1 Aug 2015	$4.080	-	30,830
17 Dec 2012	1 Aug 2016	$4.080	19,618	30,828
12 Dec 2014	1 Aug 2017	$1.581	50,336	134,229
20 Nov 2015	1 Aug 2017	$1.911	134,228	-
20 Nov 2015	1 Aug 2018	$2.166	280,613	-
Total			484,795	216,334
Weighted average remaining contractual life of rights outstanding at end of period			1.5 years	1.4 years

31. PARENT ENTITY FINANCIAL INFORMATION

Accounting policy

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

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, 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.

a. Summary financial information	**2016**	**2015**
The individual financial statements for the parent entity show the following aggregate amounts:	**$000**	**$000**
Balance Sheet		
Current assets	172,305	2,202,683
Non-current assets	1,388,053	28,647
Total assets	1,560,358	2,231,330
Current liabilities	282,443	815,607
Non-current liabilities	1,700	3,770
Total liabilities	284,143	819,377
Shareholders' equity		
Issued capital	95,692	95,444
Reserves		
Share-based payment	266	391
Retained earnings	1,180,257	1,316,118
	1,276,215	**1,411,953**
Profit/(loss) for the year	**(69,378)**	**56,735**
Total comprehensive income/(loss)	**(69,378)**	**56,735**

b. Guarantees entered into by parent entity		
Bank guarantees issued in relation to rehabilitation and utility obligations	91,667	50,936
	91,667	**50,936**

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 14 and 26.

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.

31. PARENT ENTITY FINANCIAL INFORMATION (continued)

c. Contingent liabilities of the parent entity

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

	2016	2015
Controlled entities	$000	$000
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	14,249	15,968
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stage 1 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.	12,494	9,095

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

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

As at 31 July 2016, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $Nil (2015 - $Nil).

32. 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 2016 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.

	2016	2015
	$000	$000
Revenue from operations	443,784	491,625
Other income	164	185
	443,948	491,810
Expenses		
Cost of sales	(283,149)	(261,778)
Marketing and transportation	(131,302)	(137,164)
Administration	(6,118)	(7,847)
Debt forgiveness	(97,862)	-
Other expenses	(6,377)	-
Profit/(loss) before income tax	**(80,860)**	**85,021**
Income tax expense	(5,022)	(24,756)
Profit/(loss) after income tax for the year	**(85,882)**	**60,265**
Other comprehensive income		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	2,455	(33,790)
Transfer to profit and loss for cash flow hedges, net of tax	15,294	18,225
Other comprehensive income for the year, net of tax	17,749	(15,565)
Total comprehensive income/(loss) for the year	**(68,133)**	**44,700**

32. DEED OF CROSS GUARANTEE (continued)

b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 31 July 2016 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.

	2016 $000	2015 $000
Current assets		
Cash and cash equivalents	58,737	23,348
Trade and other receivables	138,120	459,954
Inventories	43,843	57,447
Held to maturity investments	22	1,010,267
Derivative financial instruments	1,029	-
Total current assets	241,751	1,551,016
Non-current assets		
Receivables	1,104,999	2,029
Other financial assets	248,506	248,183
Property, plant and equipment	399,570	376,808
Exploration and evaluation assets	50,766	47,104
Deferred tax assets	15,393	14,004
Intangible assets	6,510	7,223
Total non-current assets	1,825,744	695,351
Total assets	**2,067,495**	**2,246,367**
Current liabilities		
Trade and other payables	93,778	130,852
Lease liabilities	2,272	-
Current tax liabilities	18,203	20,481
Provisions	40,295	31,128
Derivative financial instruments	-	23,143
Total current liabilities	154,548	205,604
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	44,498	49,367
Lease liabilities	12,588	-
Total non-current liabilities	57,086	49,367
Total liabilities	**211,634**	**254,971**
Net assets	**1,855,861**	**1,991,396**
Equity		
Contributed equity	91,596	91,348
Reserves	37,457	20,731
Retained earnings	1,726,808	1,879,317
Total equity	**1,855,861**	**1,991,396**

33. REMUNERATION OF AUDITORS

	2016	2015
During the year the following fees were paid or payable for services provided by the auditor of the parent	$	$
a. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001:*		
Deloitte Touche Tohmatsu (Australian firm)	433,000	240,000
Other audit firms for the audit or review of financial reports of any entity in the Group	-	-
Total remuneration for audit services	433,000	240,000
b. Other services		
Deloitte Touche Tohmatsu (Australian firm)		
Audit of joint ventures	24,000	23,000
Accounting advisory services	33,000	-
PricewaterhouseCoopers (Australian firm)		
Audit of joint ventures	18,000	-
Total remuneration for other services	75,000	23,000
Total auditors' remuneration	508,000	263,000

34. OTHER ACCOUNTING POLICIES

a. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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.

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.

34. OTHER ACCOUNTING POLICIES (continued)

b. Goods and Services Tax (GST)

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

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

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

c. Borrowings

Interest bearing liabilities are initially recognised at fair value, net of any transactions costs incurred. These balances are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the liability using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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.

d. New and amended standards adopted by the Group

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 August 2015. None of these had a significant effect on the Group.

e. New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 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 15 Revenue from Contracts with Customers* - AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 Revenues, AASB 111 Construction Contracts and related Interpretations. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also allows costs associated with obtaining a contract to be capitalised and amortised over the life of the new contract. The Group has 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 2019.

(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. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2019.

34. OTHER ACCOUNTING POLICIES (continued)

e. New accounting standards and interpretations not yet adopted (continued)

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

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

DIRECTORS' DECLARATION

In the Directors' opinion:

a. the financial statements and notes set out on pages 28 to 77 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 2016 and of their performance, for the financial year ended on that date; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts, as and when they become due and payable; and

The Basis of preparation on page 32 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 32 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
19 September 2016

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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 2016, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity 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 28 to 78.

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. On page 32, 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.

Deloitte.

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 2016 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed on page 32.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 23 of the directors' report for the year ended 31 July 2016. 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 2016, complies with section 300A of the *Corporations Act 2001.*

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants
Sydney, 19 September 2016

SHAREHOLDER INFORMATION

as at 31 July 2016

As at 12 September 2016 there were 7,027 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	1,712	888,533	-	-
1,001 - 5,000	2,570	7,625,192	-	-
5,001 - 10,000	1,559	11,015,341	-	-
10,001 - 100,000	1,096	29,116,113	2	484,795
100,001 and over	90	782,405,547	-	-
	7,027	831,050,726	2	484,795
Holding less than a marketable parcel	597	76,865		

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	95,829,674	11.53%

20 largest shareholders as disclosed on the share register as at 12 September 2016

Washington H Soul Pattinson And Company Limited	495,696,418	59.65%
Mitsubishi Materials Corporation	93,240,000	11.22%
RBC Investor Services Australia Nominees Pty Limited (Pi Pooled A/C)	27,794,978	3.34%
J P Morgan Nominees Australia Limited	27,771,340	3.34%
UBS Nominees Pty Ltd	16,606,087	2.00%
Farjoy Pty Ltd	15,500,000	1.87%
HSBC Custody Nominees (Australia) Limited	15,316,754	1.84%
Domer Mining Co Pty Limited	15,000,000	1.80%
BKI Investment Company Limited	14,815,952	1.78%
Citicorp Nominees Pty Limited	10,177,903	1.22%
BNP Paribas Noms Pty Ltd (Drp)	7,002,972	0.84%
BNP Paribas Nominees Pty Ltd (Agency Lending Drp A/C)	4,942,699	0.59%
Taiheiyo Kouhatsu Inc	4,054,000	0.49%
National Nominees Limited	3,256,794	0.39%
RBC Investor Services Australia Nominees Pty Limited (Piselect)	2,572,162	0.31%
RBC Investor Services Australia Nominees Pty Limited (PIIC A/C)	2,377,955	0.29%
UBS Nominees Pty Ltd	2,288,388	0.28%
J S Millner Holdings Pty Limited	2,109,197	0.25%
Robert Charles Neale	1,400,000	0.17%
Milton Corporation Limited	1,290,107	0.16%
	763,213,706	91.83%

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	484,795	2

NEW HOPE
GROUP
ABN: 38 010 653 844