



**New Hope**  
Corporation Limited

A.B.N. 38 010 653 844

**ANNUAL GENERAL MEETING**

**20 November 2014**

# NEW HOPE CORPORATION LIMITED

## ANNUAL GENERAL MEETING

20 November 2014

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of New Hope Corporation Limited (**New Hope** or **the Company**) will be held at the Theatre Auditorium, Ipswich Civic Centre, Corner Limestone and Nicholas Streets, Ipswich on Thursday 20 November 2014 at 12 noon.

### ORDINARY BUSINESS

#### 1. **Financial Statements and Reports**

To receive and consider the Financial Statements of New Hope Corporation Limited and Controlled Entities, including the Directors' Report and the Auditor's Report in respect of the year ended 31 July 2014.

**Note:** The full year results of New Hope Corporation Limited are available either in the Directors' Annual Report and Financial Statements sent to those shareholders who elected to receive the annual report or on the Company's website ([www.newhopegroup.com.au](http://www.newhopegroup.com.au)) in the Investors section.

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the reports and on the performance and management of the Company.

The auditors of the Company will be present at the meeting and available to answer questions. Shareholders may also address written questions to the Company's auditor PricewaterhouseCoopers, if the question is relevant to the content of the auditor's report, or the conduct of its audit of the annual financial report to be considered at the meeting.

Written questions for the auditor must be delivered by 5.00pm on Thursday 13 November 2014 to the address set out in this notice.

## 2. **Remuneration Report – Resolution 1**

To consider and, if thought fit, to pass the following resolution under section 250R(2) Corporations Act 2001 (Cth) (**Corporations Act**):

*“That the remuneration report for the financial year ended 31 July 2014 as set out in the Directors’ Annual Report and Financial Statements, be adopted.”*

**Note:** The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the company’s Annual General Meeting. The report can be found in the Annual Report of the Company as detailed in item 1 above.

The vote on this resolution is advisory only and does not bind the Directors of the Company.

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any member of the Company’s key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director), details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member, subject to certain limited exemptions where a person is appointed to vote as a proxy under section 250R(5) and section 250BD of the Corporations Act.

## 3. **Re-election of Ms Susan Palmer as a Director – Resolution 2**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, Ms Susan Palmer, who retires in accordance with the Company’s Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company.”*

## 4. **Re-election of Mr Ian Williams as a Director – Resolution 3**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, Mr Ian Williams, who retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

5. **Appointment of Auditor – Resolution 4**

Resolution 4 will be put to the Meeting if ASIC has consented to the resignation of PriceWaterhouseCoopers as the Company's auditor. Please see the enclosed Explanatory Memorandum for details regarding the resignation of PriceWaterhouseCoopers.

To consider, and if thought fit, pass the following as an ordinary resolution:

*“That Deloitte Touche Tohmatsu is appointed as auditor of the Company and that Deloitte Touche Tohmatsu's signed Consent to Act be received and recorded.”*

**By order of the Board**

Justin Hogg  
Company Secretary  
22<sup>nd</sup> September 2014

# **EXPLANATORY MEMORANDUM NEW HOPE CORPORATION LIMITED**

## **ANNUAL GENERAL MEETING**

**20 November 2014**

### **Resolution 1 – Remuneration report**

The Corporations Act requires that the section of the Directors' report dealing with the remuneration of the Company's key management personnel be put to the vote of shareholders for adoption. The resolution of shareholders is not binding on the Company.

The Directors recommend you vote in favour of this resolution.

### **Resolutions 2 and 3 – re-election of Directors**

Resolutions 2 and 3 relate to the election of Susan Palmer and Ian Williams as Directors of the Company.

#### **Election of Susan Palmer**

In accordance with the Company's constitution, Susan Palmer retires at the end of this meeting and, being eligible, offers herself for re-election.

Ms Palmer is a Chartered Accountant who holds a Bachelor of Commerce from the University of Queensland. With a career spanning over 30 years, Ms Palmer brings an extensive and current knowledge to the Company's board in all aspects of accounting, finance, financial reporting, risk management and corporate governance.

Ms Palmer has held a range of senior executive financial roles with a diverse range of organisations including PriceWaterhouse, Incitec, CS Energy, Leighton Contractors and Thiess Pty Ltd. Ms Palmer has also served as a Director and Audit Committee Chairperson for MSF Sugar, Port of Brisbane Corporation, and the Royal Blind Foundation of Queensland.

Ms Palmer is currently a director of RCR Tomlinson Ltd and holds a position on the Board of Trustees of Brisbane Grammar School.

The Directors recommend you vote in favour of this resolution.

#### **Election of Ian Williams**

In accordance with the Company's constitution, Ian Williams retires at the end of this meeting and, being eligible, offers himself for re-election.

Mr Williams is a graduate of Sydney University and Oxford University; and is a commercial lawyer with 25 years' experience in the energy & resources, infrastructure and industrial sectors.

As a legal and strategic adviser to companies in the energy & resources sectors, Mr Williams has been involved in every aspect of the Australian coal industry, including government

legislative and regulatory frameworks, project tenements, project approvals, infrastructure, commercial contracts, joint ventures, management arrangements, off-take and marketing arrangements, project financing and mergers & acquisitions.

Mr Williams is a former chairman of National Foods and a former director of Hitachi Australia.

Mr Williams is currently Vice-President of the Australia Japan Business Cooperation Committee and Vice-Chairman of the Australia Korea Business Council.

The Directors recommend you vote in favour of this resolution.

#### **Resolution 4 – Appointment of Auditor**

PriceWaterhouseCoopers has been the auditor of the Company since before the Company's listing in 2003. As part of New Hope's commitment to strong Corporate Governance the board is currently considering a fee cap which would limit the amount of non-audit work that the auditor could perform. While the details of the fee cap have yet to be finalised, a fee cap which would limit the quantum of non-audit work to 100% of the fees paid for the audit work is being considered. In light of the proposed changes and in line with ongoing efficiency reviews the external audit was put to tender.

The Board and management have been, and continue to be, satisfied with the audit services of PriceWaterhouseCoopers. As the incumbent auditor PricewaterhouseCoopers were invited to participate in the tender process, however PricewaterhouseCoopers declined to tender. As a consequence, PriceWaterhouseCoopers is in the process of seeking consent from ASIC to resign as auditor of the Company with effect from the end of the Annual General Meeting. Once ASIC notifies PriceWaterhouseCoopers and the Company that it consents to PriceWaterhouseCoopers resignation, PriceWaterhouseCoopers will give its notice of resignation to the Company with effect from the end of the Annual General Meeting.

The Board and management would like to take this opportunity to thank PricewaterhouseCoopers for their longstanding, professional and high quality service as auditor of the Company.

The tender process reviewed each firm's suitability for the role of external auditor with significant consideration given to their independence, industry experience, resources and skills base. The outcome of the tender process was a recommendation that Deloitte Touche Tohmatsu be appointed as the new auditor of the Company.

The Company has received a notice from Washington H Soul Pattinson and Company Limited, being a Member, nominating Deloitte Touche Tohmatsu as the new auditor of the Company. In accordance with section 328B of the Corporations Act 2001 (Cth), a copy of the notice of nomination of Deloitte Touche Tohmatsu received by the Company from Washington H Soul Pattinson and Company Limited is attached as Annexure A.

Deloitte Touche Tohmatsu has consented to act as auditor of the Company.

Subject to the Company receiving all necessary approvals from ASIC and Shareholder approval at the Annual General Meeting, Deloitte Touche Tohmatsu has been nominated and selected to become the new auditor of the Company.

The Corporations Act 2001 (Cth) requires that Shareholders approve the appointment of a new auditor.

If ASIC consents to PriceWaterhouseCoopers resignation as the Company's auditor, the Board recommends that shareholders vote in favour of the appointment of Deloitte Touche Tohmatsu as the Company's auditors. If ASIC does not consent to PriceWaterhouseCoopers resignation as Company's auditor, or such consent is not received as at the date of this Meeting, PriceWaterhouseCoopers will continue as the Company's auditor and Resolution 4 will not be put to the Meeting.

## **Annual General Meeting**

### **Notes**

#### **Members entitled to attend and vote at the meeting**

For the purposes of the meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001, it has been determined that the members entitled to attend and vote at the meeting shall be those persons who are recorded in the register of members at 7.00 p.m. (Sydney time) on Tuesday 18 November 2014.

#### **How to Vote**

You may vote by attending the Annual General Meeting in person, by proxy or by authorised representative. If you intend to vote by proxy, in order to be valid, online proxies and proxy forms must be received no later than 12noon (Brisbane time) on Tuesday, 18 November 2014.

##### **(a) Voting in Person**

To vote in person, attend the Annual General Meeting on the date and at the place set out above. Members who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the Corporations Act 2001 (Cth). If a representative of a company is appointed a "Certificate of Appointment of Corporate Representative" should be produced prior to the meeting. A form of the certificate may be obtained from the Company's Share Registry, Computershare Investor Services Pty Limited, by contacting Computershare (details on the enclosed Proxy).

##### **(b) Voting by Proxy**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote on their behalf. Where a member is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

Instructions on how to sign the proxy are set out on Page 1 of the enclosed proxy. Online proxies and proxy forms must be received no later than 12noon (Brisbane time) on Tuesday 18 November 2014 in accordance with the instructions contained in the proxy.

##### **(c) Online Voting**

To appoint a proxy online, visit [www.investorvote.com.au](http://www.investorvote.com.au) and follow the instructions on your personalised proxy form (online voting).

Online voting is now mobile compatible so you can readily appoint a proxy straight from your smart phone\*. To do this, enter [www.investorvote.com.au](http://www.investorvote.com.au) directly into your smart phone and follow the instructions on your personalised proxy form or scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and installed a QR Code Scanner application for your smart phone.

\* Optimised for Apple iOS and Android device.



(d) Voting by Mail

To appoint a proxy by mail, you can send the completed proxy to the Company's Share Registry with the enclosed envelope, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001 Australia

**Questions from Shareholders**

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders, as a whole, to ask the Company's external auditor questions relevant to:

- The conduct of the audit;
- The preparation and content of the auditor's report;
- The accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- The independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions shareholders may have, please submit any questions by fax or to the address below by no later than 5:00pm on Thursday 13 November 2014:

The Company Secretary  
New Hope Corporation Limited  
3/22 Magnolia Drive  
Brookwater QLD 4300

or by fax to (07) 3418 0355

## Annexure A



### WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED

ABN: 49 000 002 728

Level 1, 160 Pitt Street Mall Sydney NSW 2000 Australia  
GPO Box 479, Sydney NSW 2001 T: (02) 9232 7166 F: (02) 9235 1747

9 October 2014

The Company Secretary  
New Hope Corporation Limited  
3/22 Magnolia Drive  
Brookwater QLD 4300

Dear Mr Hogg

#### **Nomination of Auditor**

Washington H. Soul Pattinson and Company Limited, being a shareholder of New Hope Corporation Limited (NHC), hereby gives written notice pursuant to Section 328B(1) of the Corporations Act of the nomination of Deloitte Touche Tohmatsu for appointment as Auditor of NHC at the next Annual General Meeting.

Yours sincerely,

Peter R. Robinson  
Director



# New Hope

Corporation Limited

ABN 38 010 653 844



## Lodge your vote:



**Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 NHC  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 12:00pm (Brisbane time) Tuesday, 18 November 2014**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of New Hope Corporation Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of New Hope Corporation Limited to be held at Theatre Auditorium, Ipswich Civic Centre, Corner Limestone and Nicholas Streets, Ipswich on Thursday, 20 November 2014 at 12 noon (Brisbane time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ms Susan Palmer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Ian William as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_



**NEW HOPE**  
**GROUP**  
ABN: 38 010 653 844

# 2014 ANNUAL REPORT & FINANCIAL STATEMENTS







**NEW HOPE  
CORPORATION LIMITED  
AND CONTROLLED ENTITIES  
CORPORATE DIRECTORY**

**DIRECTORS**

**Robert D. Millner**  
Chairman of Directors

**Peter R. Robinson**  
Non Executive Director

**David J. Fairfull**  
Non Executive Director

**William H. Grant**  
Non Executive Director

**Sue J. Palmer**  
Non Executive Director

**Ian M. Williams**  
Non Executive Director

**CHIEF EXECUTIVE OFFICER**  
**Shane O. Stephan**

**COMPANY SECRETARY**  
**Justin W. Hogg**

**AUDITORS**

**PricewaterhouseCoopers**  
Level 15, Riverside Centre  
123 Eagle Street  
BRISBANE QLD 4000

**PRINCIPAL  
ADMINISTRATION  
& REGISTERED OFFICE**

3/22 Magnolia Drive  
BROOKWATER QLD 4300  
Telephone: (07) 3418 0500  
Facsimile: (07) 3418 0355

**WEBSITE ADDRESS**  
[www.newhopegroup.com.au](http://www.newhopegroup.com.au)

**SHARE REGISTER**

**Computershare Investor  
Services Pty Limited**  
117 Victoria Street  
WEST END QLD 4101  
Telephone: 1300 552 270  
[www.computershare.com](http://www.computershare.com)

ASX Code: NHC

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# CHAIRMAN'S REVIEW

## Dear Shareholders,

Despite the continued challenging conditions for the coal industry over the past 12 months, I am pleased to report that New Hope Corporation has achieved a respectable profit for the financial year ended 31st July 2014. The company is the stand out performer against its Australian peers, reporting in positive territory.

## Financial Performance

Net profit after tax and non-recurring items for the year ended 31st July 2014 was \$58.4 million which included \$10.8 million from coal mining, marketing and logistics operations. This is a remarkable feat in an environment where the deflated coal price, coupled with a stubbornly high Australian dollar, has pushed other coal and infrastructure businesses into the red. Congratulations must go to our management team for acting decisively to meet the tough market conditions by minimising costs and maximising business and operational efficiencies.

Productivity improvements were achieved through a cost structure review which resulted in some difficult decisions being taken, including making a number of positions redundant

and the reduction in work hours for production employees. The review however, had no impact on production at the company's operations with production increasing 1.5%, and sales of 6.0 million tonnes being achieved, which equates to the same period last year.

Diversification of our energy interests has also ensured a solid outcome for the Group. Our Oil operations, through Bridgeport Energy, achieved a profit of \$3.4 million, and a further \$44.3 million profit was achieved through company investments.

New Hope maintains its enviable record of dividend payment to shareholders. Directors have declared a final dividend of 2.0 cents per share (2013 – 5.0 cents per share) and a special dividend of 3.5 cents per share (2013 – 5.0 cents per share). Both of these dividends are fully franked and payable on 4 November 2014 to shareholders registered as at 21 October 2014.

## Significant milestones

Leadership and accountability functions have now been combined across both the New Acland and West Moreton coal operations. This has improved synergies and streamlined costs to ensure our coal operations function at maximum efficiency.

During the year QBH, New Hope Corporation's 100% owned coal terminal at the Port of Brisbane, exported 7.86 million tonnes of coal on 100 vessels despite the difficult market conditions imposed on QBH's customer base.

Bridgeport continued to progress organic growth in its exploration and production portfolio. Planning is underway for an additional six development wells during the year and further growth is anticipated.

The revised New Acland Coal Mine Stage 3 Project continues to make good progress with an Environmental Impact Statement submitted to the Queensland Office of the Coordinator-General. We now await the Coordinator-General's report and approval decision expected late 2014. The New Acland Mine has robust support on the Darling Downs and the revised Project would take the life of the operation through until 2029, delivering significant economic and social benefits.

## Sustainability

Our social licence to operate is vital to our company's success. We understand that our operations must work hand in hand with our local communities as a good neighbour and a respected partner. This is achieved through genuine engagement, interaction and support. Importantly, our employees are also locals, with more than 80% of our people living and contributing to the communities in the vicinity of our operations.

As farmers, we also respect the land on which we operate. We know that we have environmental impacts and work tirelessly through our Acland Pastoral Company to rehabilitate the disturbed land and return it to a condition as close as possible from whence it came. Our extensive rehabilitation efforts at Acland and West Moreton, and associated cattle grazing trials, have drawn wide interest and acclaim.

## Our People

The safety of our people is paramount and continues to be our priority. We continue to improve in the elements of the

safety culture model of People, Practices and Environment and this has seen a 6.7% reduction in Total Recordable Injury's, a 15.4% reduction in Lost Time Injury's and 50% reduction in High Potential Incidents from 2012/13.

This year the company successfully transitioned its leadership from long serving Managing Director and CEO Rob Neale. Incoming CEO Shane Stephan and his new executive team have brought a renewed energy to the management of the Group and I have every confidence in their combined experience to lead New Hope into the next phase.

## Outlook

With the outlook for coal prices in the short term to remain relatively flat, New Hope is anticipating another tough year ahead. Some assistance may be provided if the forecast for the Australian dollar to stay consistently below US\$0.90, proves correct.

The current soft market, combined with our strong balance sheet, provides the ability to take advantage of acquisition opportunities which support the long term profitability of the company and we are active in this space. Concurrently we will continue to develop our portfolio, ensuring prudent expenditure continues on exploration and approvals work to allow new projects to be brought on line when market conditions improve.

## Conclusion

I would like to take this opportunity 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 successes. And finally I would like to thank you, the shareholders, for your continued support.

R D Millner  
Chairman

## FINANCIAL SUMMARY

	2014 \$000	2013 \$000	2012 \$000	2011 \$000
Total revenue	548,959	652,097	767,525	662,404
Profit before tax	71,047	121,984	198,819	719,097
Income tax and petroleum resource rent tax expense	(12,598)	(47,856)	(31,694)	(215,998)
Profit after tax	58,449	74,128	167,125	503,099
Loss attributable to minority interests	(1)	(1)	(1)	(135)
Net profit attributable to NHCL members	58,450	74,129	167,126	503,234
Profit after tax from continuing operations	58,449	74,128	167,125	503,099
Total assets employed	2,185,842	2,268,564	2,459,419	2,749,248
Shareholders' funds	1,973,859	2,016,456	2,252,916	2,367,383
Dividends paid during the financial year	132,928	257,466	215,871	197,180

	2014	2013	2012	2011
Weighted average shares on issue	830,836,913	830,551,140	830,335,876	830,127,809
Net profit attributable to NHCL members as a % of shareholders' funds	2.96%	3.68%	7.42%	21.26%
Earnings per share (cents)	7.0	8.9	20.1	60.6
Earnings per share (cents) from continuing operations	7.0	8.9	20.1	60.6
Normal dividends per share (cents)	8.00	11.00	11.00	10.25
Special dividends per share (cents)	3.50	5.00	20.00	15.00
Net tangible asset backing per share (cents)	234.55	239.66	268.80	278.55





# DIRECTORS' REPORT

## 31 JULY 2014

Your Directors present their report on the consolidated entity consisting of New Hope Corporation Limited and the entities it controlled at the end of, or during, the year ended 31 July 2014. Throughout the report, the consolidated entity is referred to as the Group.

### 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 P.R. Robinson  
Mr D.J. Fairfull  
Mr W.H. Grant  
Ms S.J. Palmer  
Mr I.M. Williams

Mr R.C. Neale was a Director until his retirement on 31 January 2014.

Consolidated results	2014 \$000	2013 \$000	% Change
Revenue from operations	548,959	652,097	- 15.8%
Profit before income tax (before non regular items)*	53,665	172,575	- 68.9%
Gain on sale of WICET Subscription	-	786	
Gain on sale of Westside Corporation Limited	17,133	-	
Gain on sale of Quantex	249	-	
Impairment of investment in associate	-	(13,286)	
Impairment of available for sale investments	-	(38,091)	
Profit before income tax (after non regular items)	<u>71,047</u>	<u>121,984</u>	- 41.8%
Profit from ordinary activities after income tax (before non regular items)*	41,490	124,955	- 66.8%
Gain on sale of WICET Subscription	-	550	
Gain on sale of Westside Corporation Limited	16,710	-	
Gain on sale of Quantex	249	-	
Impairment of investment in associate	-	(13,286)	
Impairment of available for sale investments	-	(38,091)	
Tax Benefit from DTL recognised on acquisition	-	-	
Profit from ordinary activities after income tax (after non regular items)	<u>58,449</u>	<u>74,128</u>	- 21.2%
Non-controlling interests	(1)	(1)	
Profit attributable to New Hope Shareholders	<u>58,450</u>	<u>74,129</u>	
Basic earnings per share (cents) (before non regular items)*	5.0	15.0	- 66.8%
Gain on sale of WICET Subscription	-	0.1	
Gain on sale of Westside Corporation Limited	2.0	-	
Gain on sale of Quantex	-	-	
Impairment of investment in associate	-	(1.6)	
Impairment of available for sale investments	-	(4.6)	
Basic earnings per share (cents) (after non regular items)	<u>7.0</u>	<u>8.9</u>	- 21.5%

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

### Principal activities

The principal continuing activities of the Group consisted of:

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

### Dividends

Dividends paid to members during the financial year were:

	\$000
• A final dividend for the year ended 31 July 2013 of 5.00 cents per share paid on 4 November 2013	41,536
• A special dividend for the year ended 31 July 2013 of 5.00 cents per share paid on 4 November 2013	41,536
• An interim ordinary dividend for the year ended 31 July 2014 of 6.0 cents per share paid on 5 May 2014	49,856

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 and a special dividend of 3.5 cents per share. Both of these dividends are fully franked, to be paid on 4 November 2014 out of retained profits at 31 July 2014, the record date for such dividend to be 21 October 2014. This will provide shareholders of New Hope with total dividends for the year of 11.5 cents per share (6.0 cents interim) compared with total dividends for the 2013 year of 16.00 cents per share, including a special dividend of 5.0 cents per share.

### Review of operations

The Group has reported a net profit after tax and non regular items of \$58.4 million for the year ended 31st July 2014. The result comprises \$10.8 million from coal mining, marketing and logistics operations, \$3.4 million from oil and gas operations and \$44.3 million from treasury and investments. The result is down 21.2% on the 2013 result of \$74.1 million.

Before non regular items, basic earnings for 2014 were 5.0 cents per share, compared to 15.0 cents per share in 2013. After non regular items basic earnings were 7.0 cents per share for 2014 against 8.9 cents in 2013.

Directors have declared a final dividend of 2.0 cents per share (2013 – 5.0 cents per share) and a special dividend of 3.5 cents per share (2013 – 5.0 cents per share). Both of these dividends are fully franked and payable on 4 November 2014 to shareholders registered as at 21 October 2014.

Compared to the previous corresponding period, the 2014 full year result was affected by:

- Improved health and safety performance across all operations;
- Lower revenues from continuing operations (down 15.8%), as a result of continued soft coal prices and a strong AUD;
- Lower clean coal production (down 3.2%);
- A non regular gain on the sale of Westside Corporation Limited; and
- Impairments taken against unsuccessful oil exploration wells drilled during the year.

### Mining operations

As anticipated, production for the year was down as a result of cessation of mining at New Oakleigh following the recovery of all economic coal reserves in the previous financial year. Production for the year was 5.6 million tonnes compared to the 5.8 million tonnes produced during 2013. Excluding the New Oakleigh mine, New Acland and Jeebropilly production was up a combined 1.5% on 2013 production.

Sales for 2014 were 6.0 million tonnes (inclusive of trade coal sales of 0.3 million tonnes), which equalled the 6.0 million tonnes sold in 2013 (inclusive of trade coal sales of 0.1 million tonnes).

### New Acland Coal Mine

The New Acland open cut mine produced 4.9 million tonnes of product coal in 2014. This was an increase of 0.2 million tonnes compared to 2013. Production for the majority of the year was capped by approved production and transportation limits.

Key activities undertaken in 2014 have included:

- All full time and regular contractors attended i-Safe/We-Safe safety cultural change program.
- A change to the mine plan allowed for additional product tonnes to be mined in 2014 with a reduction in total bcm movement and the cost per clean coal tonne of 2.7%. This allowed the mine to shut down over Christmas.
- Implementation of cost effectiveness initiatives including, change of operational structure in production and a reduction in work hours for 132 production employees.
- Reduction in stockpile levels at Jondaryan to allay community concerns over perceived dust issues.
- New Acland Community Reference Group continued providing further opportunities for community engagement and allocating funds through the Community Infrastructure Fund to local community projects.
- New Acland hosted numerous site visits by community, business and industry groups, as well as representatives from educational, environmental and agricultural organisations.
- New Acland Mine site has been granted EA approval to mine and transfer from site 5.2 million tonnes of product coal per year.
- Further productivity improvement and cost reductions are underway including the trial of a Wirtgen 4200 Surface Miner.



*West Moreton Mines*

West Moreton operations, comprising Jeebropilly Mine plus New Oakleigh and Chuwar rehabilitation sites, produced 0.7 million tonnes of product coal in 2014 against 1.1 million tonnes produced in 2013. The 2013 production comprised of 0.87 million tonnes from Jeebropilly and 0.27 million tonnes from New Oakleigh.

Key activities at West Moreton in 2014 included:

- Expansion of the i-Safe/We-Safe safety culture change program to major West Moreton contractor managers and supervisors.
- A full organisational review that led to operational changes and reduction in workforce numbers.
- A staff restructuring that combined leadership and accountability functions across both West Moreton and New Acland operations.
- A review of all contractors and contracts to optimise cost with the service provided.
- Completion of mine plan revisions that optimise the mine with current market conditions.
- Continued rehabilitation of the New Oakleigh and Chuwar sites with further work to be undertaken in 2015.

**Queensland Bulk Handling (QBH)**

QBH, the Group's 100% owned coal terminal at the Port of Brisbane, exported 7.9 million tonnes of coal on 100 vessels. This result was down on last year by approximately 0.86 million tonnes, predominantly caused by the closure of Peabody's Wilkie Creek mine and resultant reduction in throughput. QBH remains essentially a demurrage free port.

Key activities at QBH in 2014 have included:

- Twenty six months lost time injury free safety milestone achieved.
- Commencement of engineering and other studies required for upgrades of existing infrastructure and to allow for future expansion potential.
- Targeted business improvement programs aimed at reducing costs and improving operational efficiencies were commenced with several key projects completed.

**New Hope Exploration**

The Group continues an active exploration program utilising two drilling rigs plus contract rigs as required. The exploration focus during 2014 has continued with resource definition in the Bowen Basin (Lenton, Bee Creek and Yamala) and Surat Basin (MDL244 for the revised New Acland Coal Mine Stage 3 Project) as well as Colton in the Maryborough Basin. Exploration on the mineral tenures has been focused on the eastern edge of the Mount Isa block and the Laura Basin.

The exploration programs consisted of seismic, aeromagnetic, gravity, electro-magnetic and geochemical surveys in addition to drilling. The drilling program consisted of 25 water monitoring bore holes, 153 open holes and 65 core holes, totalling 22,104 metres. The current group Resources and Reserves are tabled below. These tables have not been updated since they were originally reported in July/August 2013.

Deposit	Status	Coal Resources (million tonnes)				
		Inferred	Indicated	Measured	2013 Total	2012 Total
(Coal resources are inclusive of the reserves reported below)						
New Acland <sup>1</sup>	Mine	2	390	440	832	857
Ownaview	Exploration	38	119	-	157	157
West Moreton <sup>2</sup>	Mine	11	72	44	127	129
Lenton <sup>3</sup>	Exploration	524	134	83	741	693
Bee Creek	Exploration	104	-	-	104	104
Elimatta	Exploration	50	101	108	259	259
Yamala <sup>4</sup>	Exploration	187	23	13	223	223
Maryborough	Exploration	60	16	-	76	76
Ashford <sup>5</sup>	Exploration	5	8	-	13	13
		<b>981</b>	<b>864</b>	<b>687</b>	<b>2,532</b>	<b>2,511</b>

Notes:

- 1 Mining has depleted 12 million tonnes from Measured Resource.
- 2 Mining has depleted 1 million tonnes from Measured Resource.
- 3 Figures shown are 100% of total resources. New Hope share is 90%.
- 4 Figures shown are 100% of total resources. New Hope share is 70%.
- 5 Figures shown are 100% of total resources. New Hope share is 50%.

Deposit	Status	Coal Reserves (million tonnes)			
		Probable	Proved	Total 2013	Total 2012
New Acland <sup>1</sup>	Mine	149	292	441	495
Lenton <sup>2</sup>	Exploration	31	21	52	52
Elimatta	Exploration	40	100	139	191
Maryborough (Colton)	Exploration	11	-	11	15
<b>Total</b>		<b>231</b>	<b>413</b>	<b>643</b>	<b>753</b>

Notes:

- 1 Mining has depleted 12 million tonnes from Measured Reserves.
- 2 Figures shown are 100% of total resources. New Hope share is 90%. Small differences are due to rounding.

*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 2004 Edition of the JORC Code. Mr Tyrrell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

*JORC Declaration – Coal Reserves*

The information in this Coal Reserves Statement that relates to coal reserves is based on information compiled by Mr Brett Domrow, who is a Member of AusIMM. Mr Domrow is a full time employee of New Hope Corporation Limited. Mr Domrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Domrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details of the 2014 exploration program are as follows:

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

Exploration throughout the period focused on ground water studies across the project. A total of 17 water monitoring holes were undertaken to better understand the hydrology of the area. Further drilling is planned to explore the shallow multiple seam repeat area adjacent to the previous 3D seismic area.

*New Acland (MDL 244, ML 50216 and EPC 919)*

While wet weather had a minor impact on drilling, six water monitoring bore holes, 117 open holes and 39 core holes were drilled during the year totalling 2,347 metres. This allowed improved resource definition for the revised New Acland Coal Mine Stage 3 Project.

*Darling Downs (EPC's 758, 759, 760, 761, 763, 918, 970, 1154 and 1158)*

The uncertainty surrounding the State Government's finalisation of Strategic Cropping Land and the Darling Downs Statutory Regional Plan legislation has resulted in work programs on these tenures being minimised.

*Maryborough (Colton) (EPC 923 and EPC 1082)*

Exploration focused on ground water studies across the project. A near surface moisture monitoring survey included the installation of Vibrating Water Piezometers (VWPs) and conversion of deeper exploration holes to monitoring piezometers. The development of seventeen water monitoring holes was undertaken to better understand the hydrology of the area.

*Bee Creek (EPC777)*

The first round of site reconnaissance and cultural heritage surveys were conducted at Bee Creek in preparation for drilling activities. The 2014 campaign was designed to target the relatively shallow Rangal Coal Measures (Elphinstone and Hynds Seams). Drilling predominately targeted the north of the lease on both the eastern and western limb of the Hail Creek Syncline.

*Elimatta (EL6526)*

The exploration program consisted of geotechnical boreholes drilled to facilitate planning of surface water management.

*Yamala (EPC929 and MDLA 434)*

The drilling program was designed to increase JORC classification to finalise the MDLA. The successful exploration program confirmed simple Rangal geology with no basalt cover. In the Northern area of the tenure, the seams were slightly deeper than anticipated while in the Southern area seams were intercepted shallower than predicted. Finalisation of the JORC report will complete the MDLA.

*Mineral Tenures:**Yanko and Sherwood (EPM 18582 and EPM 18592)*

Drilling on the Yanko and Sherwood tenures were undertaken in tandem during the 2014 year. The drilling program was designed to test magnetic anomalies across the tenures. Geophysical modelling of magnetics predicated a shallow basement. The drilling program was stopped as the basement was substantially deeper than predicted with no evidence of mineralisation.

*Moonamarra (EPM 18589)*

The drilling program was designed to test both magnetic and gravity anomalies across the tenure. The four hole program was technically successful encountering visible mineralisation in two of the four holes. Once the entire core from the program is analysed a review of the project will be undertaken and a further exploration program designed.

*Courtenay and Courtenay West (EPM 18581 and EPM 19581)*

The tenement is located close to the Ernest Henry Mine. The drill program was based on existing gravity and geochemical surveys. The drill hole program was technically successful encountering visible mineralisation in one of the two holes. Once the entire core from the program is analysed a review of the project will be undertaken and a further exploration program designed.

*Laura (EPM 19342)*

The tenure was granted on 25 September 2013. The exploration program consisted of an aeromagnetic survey that was conducted to facilitate more precise drill hole placement of the targets across the tenure. The survey data will facilitate the remodelling of the regional magnetics and a drill program developed for drilling to commence in the 2015 dry season.

**Pastoral Operations**

A comprehensive five year plan has been developed for Acland Pastoral in conjunction with Resource Consulting Services Pty Ltd (RCS). RCS is one of the leading consulting firms in the agriculture sector and have focused on regenerating the Australian agriculture landscape over the last twenty five years. This plan is based on time controlled grazing and implementation has commenced.

Drought conditions in the region have limited the cropping activity. A pivot irrigation system has been commissioned to improve the consistency and yields of the cropping activities.

Acland Pastoral's cattle herd has decreased in size from 2,460 to 1,894 head due to the dry conditions. During the year, 1,948 head were sold and 1,335 head purchased.

Acland Pastoral has successfully continued the cattle trials on rehabilitated mine land with further analysis in the following areas:

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

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

**Development Projects**

Approvals (mining and environmental) for the Group's portfolio of coal projects continues to be progressed. These include the brownfield revised New Acland Coal Mine Stage 3 Project and greenfield projects at Lenton, Colton and Elimatta. The current status of these projects is discussed below.

*New Acland*

Development of the Environmental Impact Statement (EIS) progressed with the public comment period on the EIS concluded in March 2014. The Group's response to public and agency feedback on the EIS has been provided to the Coordinator-General for his consideration in preparation of his decision and Evaluation Report.

Project front end engineering and design (FEED) studies on mine site infrastructure have been completed in preparation for construction activities to start in 2016, subject to State and Federal approvals.

*Lenton*

Exploration and project development work on the Lenton Coking Coal Project continued throughout 2013/14.

Development of the EIS progressed with the completion of Base Line studies and receipt of the Final Terms of Reference for MLA 70456. The Impact modelling assessment component of the EIS is still to be completed.

Project work has included updating the geological model, revising the mine plan, mine site infrastructure locations and overall economic model.

*Colton*

Remaining exploration activities from the 2012-2013 programs were completed. Project development work on the Colton open cut coking coal project continued during 2014. A revision to the Environmental Management Plan was submitted to the Department of Environment and Heritage Protection in May. This included reporting required for the Queensland Biodiversity Offset Legislation.

*Elimatta*

Project development work on the Elimatta project has continued during 2014. The revised EIS (Supplementary EIS) was submitted during the year and was accepted, after assessment by the Department of Environment and Heritage Protection. Work has commenced on an update to the Environmental Management Plan for the project, which is planned for submission during 2015.

**Carbon Conversion Projects**

Work has continued on the Coal to Liquids Proof of Concept Plant at Jeebropilly with Gasification, Gas Clean-up and Intermediate Pressure units all now commissioned. The only outstanding item left to commission is the Gas Generator which is planned to be finalised before the end of September. The final component of the plant is the Liquefaction Module which has been designed but will not be constructed without further approval premised upon the outcome of the Plant and Process audit, which is currently underway. This audit report is expected to be delivered by the end of October 2014.

During the year, the decision was taken to separate from Quantex and to establish a wholly owned laboratory to develop and bench test various coal/carbon conversion technologies. The separation from Quantex was finalised by the end of the first quarter 2014 and a premises in Pittsburgh was secured. This building has now been fitted out as a testing laboratory and trials have commenced on developing the best process to employ in this venture. Technical results to date have been encouraging with the expectation that the initial trials will be finalised by the end of 2014.

**Bridgeport**

Bridgeport continued to progress organic growth in its exploration and production portfolio and integrate the assets acquired from Arrow Energy into its portfolio.

During the year Bridgeport had no lost time injuries, moving lost time injury free months to thirty two and LTIFR dropped below the industry average level of 8 which is a pleasing outcome considering the amount of work and activities undertaken in the field across Bridgeport.

Development drilling was undertaken throughout the year in Bridgeport production assets with two new wells in the Utopia field (Bridgeport interest 60%) during the last quarter of 2013 and four new wells in the Cuisinier field (Bridgeport interest 15%) during the second quarter of 2014. One well (Utopia 16 an appraisal well) was unsuccessful.

The small service rig owned by Bridgeport was kept busy on well maintenance and repair as well as completing and testing the new wells drilled in operations during the year.

A substantial amount of exploration work was carried out on the Bridgeport portfolio with seismic surveys acquired in one of the Victorian tenements and one of the Cooper Basin tenements which will provide data for future exploration drilling activities. Additionally five exploration wells were drilled in four Cooper Basin tenements; two of which were plugged and abandoned and three which are suspended for future testing subject to rig and equipment schedules.

Planning is under way for an additional six development wells during the year, four in the Cuisinier field and two in the operated fields. In addition, 3D seismic is planned on the South Australian Cooper acreage and ongoing technical work to progress targets to drilling status across the portfolio.

### Outlook

During the current year, the coal industry in Australia and internationally, has experienced significant challenges in remaining profitable. With the outlook for coal prices in the short term to remain relatively flat, New Hope is anticipating another tough year ahead. Some improved revenues may be seen if the Australian dollar were to soften against the US dollar during the 2015 financial year.

New Hope's focus for 2015 remains on safe production and active management of risks to ensure ongoing cost effectiveness. The approval of the Acland expansion is a key issue. Once approved, it will provide certainty for New Hope, our employees and the local community. If the Acland expansion is not approved, current reserves would be depleted during 2017 at current mining rates.

Operationally, group production for 2015 is anticipated to be similar to the 2014 year, with potential for modest increases at Acland. Rehabilitation work currently underway at the West Moreton operations will continue during 2015.

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

### Insurance of officers

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

### Proceedings on behalf of the Corporation

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

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

### Significant changes in the state of affairs

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

### Matters subsequent to the end of financial year

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

### Likely developments and expected results of operations

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

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

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

### Environmental compliance

During the 2014 financial year, the Group has not been prosecuted for any breach of environmental laws.

#### *Environmental performance*

The majority of the Group's operations, which include coal mining operations and exploration tenements, the rail loading facilities, the QBH coal export port facility and oil and 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 Group's operations have proactively undertaken initiatives to improve their financial performance. An expanded monitoring program at QBH includes areas further from the QBH boundary, including within the suburb of Wynnum North and conducting rehabilitation trials at New Acland give focus to environmental performance.

#### *Environmental systems*

During the 2014 financial year the Group's operations have continued to make improvements to the Environmental Management System (EMS). The EMS assists the Group to improve its environmental performance by increasing environmental awareness, optimising operational control, monitoring compliance and facilitating continuous improvement.

#### *Environmental reporting*

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

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

Bridgeport executed a number of landowner access agreements through the year including Cultural Heritage Management Agreements and Landowner Access Agreement on new permits acquired through the period (for example in South Australia). Bridgeport operates all its permits under an Environmental Management System prepared and issued in accordance with legislation. Each exploration (ATP) and production (PL) permit is also operated in accordance with the Environmental Authorities issued at the time permits were or are awarded or transferred to the entity. This includes regular produced water monitoring and ongoing remediation activities at all our sites.

**Information on Directors****Mr R.D. MILLNER** (Non-executive Chairman)Experience

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

Other current Directorships

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

Former Directorships in last 3 years

Souls Private Equity Limited	Appointed 2004	Resigned 2012
Northern Energy Corporation Limited	Appointed 2011	Resigned 2012

Special responsibilities

Chairman of the Board.

Interests in shares and options

3,681,962 ordinary shares in New Hope Corporation Limited  
Nil options or rights over ordinary shares in New Hope Corporation Limited

**Mr P.R. ROBINSON** - BCom (Non-executive Director)Experience

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

Other current Directorships

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

Former Directorships in last 3 years

Northern Energy Corporation Limited	Appointed 2011	Resigned 2012
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Special responsibilities

Member of the Remuneration Committee and Nomination Committee.

Interests in shares and options

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

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

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

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1997
Souls Private Equity Limited	Appointed 2004
Shinewing Hall Chadwick National Association	Appointed 2009
Heritage Brands Limited	Appointed 2008

Former Directorships in last 3 years

Northern Energy Corporation Limited	Appointed 2011	Resigned 2012
Drill Torque Limited	Appointed 2011	Resigned 2013

Special responsibilities

Member of the Audit Committee and Remuneration Committee.

Interests in shares and options

11,000 ordinary shares in New Hope Corporation Limited  
Nil options or rights over ordinary shares in New Hope Corporation Limited

**Mr W.H. GRANT** - OAM, FAICD, ALGA (Non-executive Director)Experience

Mr Grant has over 35 years experience in project management, corporate and fiscal governance, local government administration and strategic planning. He was the CEO of the South Bank Corporation in Brisbane from 1997 to 2005 and prior to that he was the General Manager/CEO of the Newcastle City Council from 1992 to 1997. He joined the Board of New Hope Corporation Limited in 2006.

Other current Directorships

Brisbane Development Association	Appointed 2006
Brisbane Airport Corporation - Chairman	Appointed 2007
Northern Energy Corporation Limited	Appointed 2011
Bridgeport Energy Limited	Appointed 2012

Former Directorships in last 3 years

Queensland Performing Arts Centre Trust (QPAC)	Appointed 2006	Resigned 2013
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Special responsibilities

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

Interests in shares and options

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



**Information on Directors (continued)****Ms S.J. PALMER** - BCom (Non-executive Director)Experience

Ms Palmer is a Chartered Accountant with over 30 years of extensive experience in the financial and resources fields. Ms Palmer brings a current knowledge to the New Hope board in all aspects of accounting, finance, financial reporting, risk management and corporate governance. Ms Palmer was appointed to the New Hope Corporation Limited Board on 1 November 2012.

Other current Directorships

RCR Tomlinson Ltd	Appointed 2014
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Former Directorships in last 3 years

MSF Sugar	Appointed 2008	Resigned 2012
Thiess Pty Ltd	Appointed 2011	Resigned 2014

Special responsibilities

Chairman of the Audit Committee.

Interests in shares and options

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

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

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

Other current Directorships

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

Former Directorships in last 3 years

Ashurst	Appointed 2011	Resigned 2014
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Special responsibilities

Member of the Remuneration Committee.

Interests in shares and options

16,650 ordinary shares in New Hope Corporation Limited  
Nil options or rights over ordinary shares in New Hope Corporation Limited

**Company Secretary**

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

**Information on Directors (continued)****Mr R.C. NEALE** - BSc.(Hons) MAICD, MAIMM (retired as Managing Director)Experience

Mr Neale retired on 31 January 2014. Mr Neale has more than 40 years experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope Corporation Limited in 1996 as General Manager, and has been Chief Executive Officer since 2005. He was appointed to the New Hope Corporation Limited Board in 2008.

Other current Directorships

Australian Coal Association	Appointed 2005
Australian Coal Research Limited	Appointed 2005
Australian Coal Association Low Emissions Technologies Ltd	Appointed 2006
Planet Gas Limited	Appointed 2009
Westside Corporation Limited	Appointed 2010
Queensland Resources Council	Appointed 2009

Former Directorships in last 3 years

Bridgeport Energy Limited	Appointed 2011	Resigned 2014
Northern Energy Corporation Limited	Appointed 2011	Resigned 2014

Special responsibilities

Managing Director and Chief Executive Officer (retired).

Interests in shares and options upon retirement

2,591,159 ordinary shares in New Hope Corporation Limited  
Nil rights over ordinary shares in New Hope Corporation Limited

**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), Robinson 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.

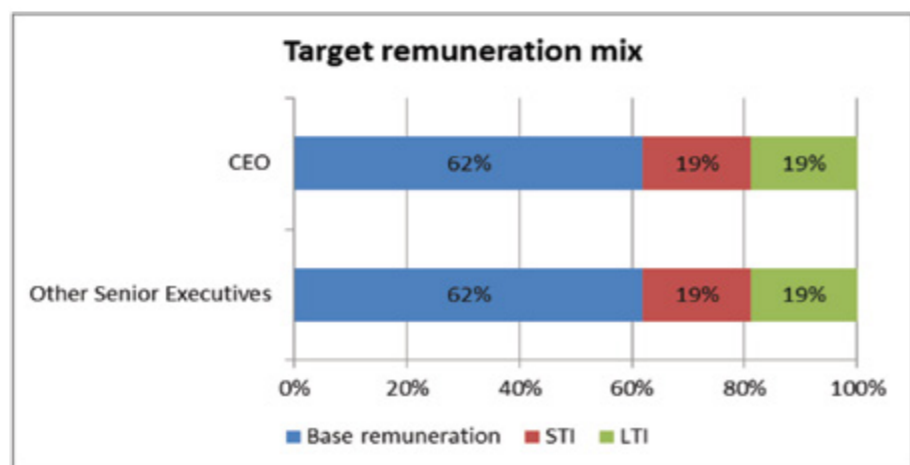
**b. Key management personnel**

Name	Positions Held
Mr R.D. Millner	Chairman and Non-executive Director.
Mr P.R. Robinson	Non-executive Director.
Mr D.J. Fairfull	Non-executive Director.
Mr W.H. Grant	Independent Non-executive Director, Chairman of the Remuneration Committee and Chairman of the Nominations Committee.
Ms S.J. Palmer	Independent Non-executive Director and Chairman of the Audit Committee, appointed 1 November 2012.
Mr I.M. Williams	Independent Non-executive Director, appointed 1 November 2012.
Mr R.C. Neale	Managing Director and Chief Executive Officer, retired on the 31 January 2014.
Mr S.O. Stephan	Chief Executive Officer, promoted from the position of Chief Financial Officer from 1 February 2014.
Mr B.D. Denney	Chief Operating Officer.
Mr M.J. Busch	Chief Financial Officer, promoted from the position of Financial Controller and Company Secretary from 1 February 2014.

**b. Executive remuneration policy and framework**

The Company aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration of senior executives is reviewed annually after taking into consideration the executives' performance, the Group'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 2015 financial year.

Executive remuneration comprises a mix of base remuneration, short term incentives (STIs), long term incentives (LTIs) and retention payments. Target remuneration mix (based on the entitlement to 100% of the available STI and LTI which is at risk and subject to performance hurdles) for the year ended 31 July 2014 is:



**Remuneration Report (continued)**

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

The detail of each component is as follows:

Base remuneration

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

Short Term Incentives

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

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

Short Term Incentives KPIs	Weighting
Group Profit, Sales and Investment Performance	55%
Group Compliance – Safety, Environment and Risk Management	25%
Group Production Cost, Project Development and M&A Activities	20%

Each of the Short Term Incentive KPIs is made up of qualitative and quantitative measures with the quantitative measures set annually by the Remuneration Committee. Based on the achievements of the Company this year, the remuneration committee determined that executives had achieved 52% of their maximum STI. In making this assessment, the committee considered the following factors:

- An improvement to the overall safety performance at the Company during the year.
- A net profit after tax before non regular items of \$41.5m.
- Sales, excluding trade sales, of 5.7 million tonnes.
- Production of 5.6 million tonnes.

As part of the Remuneration Committee's annual review process, the weighting for the Short Term Incentive KPIs have been modified slightly for the 2015 financial year as detailed below.

Short Term Incentives KPIs - 2015 financial year	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%

Long Term Incentives

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

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

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

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

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

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

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

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

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

**c. Consequences of performance on shareholder wealth**

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

		Year ended 31 July				
		2014	2013	2012	2011	2010
Net profit attributable to shareholders	A\$000's	58,450	74,129	167,126	503,234	183,832
Profit after tax from continuing operations	A\$000's	58,449	74,128	167,125	503,099	183,832
Dividends paid during the year	cents/share	16.00	31.00	26.00	23.75	82.25
Share price as at 31 July	\$/share	3.00	3.76	4.07	5.37	4.71
Shareholders' funds	A\$000's	1,973,859	2,016,456	2,252,916	2,367,383	2,339,525

**d. Non-executive director remuneration policy**

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

Non-executive Directors receive a fixed fee that is paid within an aggregate limit as approved by the shareholders from time to time. The current maximum aggregate is set at \$1,750,000 (2013 - \$1,750,000) per annum. There is no proposal to increase Directors' Fees for the 2015 financial year.

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

The Company received 98% "yes" votes on its remuneration report for the 2013 financial year.

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

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

	Short-term employee benefits			Long-term benefits	Post employment benefits	Share based payments		Total
	Cash salary and fees	Cash bonus <sup>7</sup>	Non cash benefits <sup>8</sup>	LSL	Super-annuation	Termination Benefits	Rights	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2014</b>								
<b>Non-executive Directors</b>								
Mr R.D. Millner	293,000	-	-	-	17,836	-	-	310,836
Mr P.R. Robinson	135,000	-	-	-	12,516	-	-	147,516
Mr D.J. Fairfull	135,000	-	-	-	12,516	-	-	147,516
Mr W.H. Grant <sup>6</sup>	150,000	-	-	-	13,906	-	-	163,906
Ms S.J. Palmer <sup>5</sup>	160,000	-	-	-	14,833	-	-	174,833
Mr I.M. Williams	135,000	-	-	-	12,516	-	-	147,516
<b>Total Non-executive Directors</b>	<b>1,008,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,123</b>	<b>-</b>	<b>-</b>	<b>1,092,123</b>
<b>Executive Directors</b>								
Mr R.C. Neale <sup>1</sup>	702,688	285,000	96,936	13,123	8,887	176,315	421,744	1,704,693
<b>Key Management Personnel</b>								
Mr S.O. Stephan <sup>2</sup>	905,621	433,175	114,269	65,376	18,074	-	107,571	1,644,086
Mr B.D. Denney	592,280	340,813	24,555	1,838	18,027	-	87,605	1,065,118
Mr M.J. Busch <sup>3</sup>	456,003	201,863	83,535	47,005	18,873	-	67,055	874,334
<b>Total Key Management Personnel</b>	<b>1,953,904</b>	<b>975,851</b>	<b>222,359</b>	<b>114,219</b>	<b>54,974</b>	<b>-</b>	<b>262,231</b>	<b>3,583,538</b>
<b>Total Remuneration - 2014</b>	<b>3,664,592</b>	<b>1,260,851</b>	<b>319,295</b>	<b>127,342</b>	<b>147,984</b>	<b>176,315</b>	<b>683,975</b>	<b>6,380,354</b>
<b>2013</b>								
<b>Non-executive Directors</b>								
Mr R.D. Millner	293,000	-	-	-	16,579	-	-	309,579
Mr P.R. Robinson	135,000	-	-	-	12,178	-	-	147,178
Mr D.J. Fairfull	135,000	-	-	-	12,178	-	-	147,178
Mr W.H. Grant <sup>6</sup>	150,000	-	-	-	13,531	-	-	163,531
Ms S.J. Palmer <sup>4,5</sup>	120,000	-	-	-	10,833	-	-	130,833
Mr I.M. Williams <sup>4</sup>	101,250	-	-	-	9,141	-	-	110,391
<b>Total Non-executive Directors</b>	<b>934,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,440</b>	<b>-</b>	<b>-</b>	<b>1,008,690</b>
<b>Executive Directors</b>								
Mr R.C. Neale	1,443,559	550,000	44,631	24,074	16,579	-	808,244	2,887,087
<b>Key Management Personnel</b>								
Mr S.O. Stephan	596,942	201,375	2,873	-	16,579	-	192,730	1,010,499
Mr B.D. Denney	611,770	191,250	22,941	-	16,579	-	142,927	985,467
Mr M.J. Busch	416,114	106,250	28,964	6,981	16,579	-	115,469	690,357
<b>Total Key Management Personnel</b>	<b>1,624,826</b>	<b>498,875</b>	<b>54,778</b>	<b>6,981</b>	<b>49,737</b>	<b>-</b>	<b>451,126</b>	<b>2,686,323</b>
<b>Total Remuneration - 2013</b>	<b>4,002,635</b>	<b>1,048,875</b>	<b>99,409</b>	<b>31,055</b>	<b>140,756</b>	<b>-</b>	<b>1,259,370</b>	<b>6,582,100</b>

<sup>1</sup> Mr R.C. Neale retired from the position of Managing Director and CEO as of 31 January 2014.

<sup>2</sup> Mr S.O. Stephan previously held the position of CFO and was promoted to the position of CEO from 1 February 2014.

<sup>3</sup> Mr M.J. Busch previously held the position of Financial Controller and Company Secretary and was promoted to the position of CFO from 1 February 2014.

<sup>4</sup> Appointed 1 November 2012.

<sup>5</sup> Chairman of the Audit and Risk Committee.

<sup>6</sup> Chairman of the Remuneration Committee and Chairman of the Nominations Committee.

<sup>7</sup> Cash Bonus for 2014 represents 2013 at risk STI and 2014 STI based on new STI KPI measures, both expensed in the 2014 financial year.

<sup>8</sup> Non Cash Benefits include movements in annual leave provisions.



**Remuneration report (continued)****f. Details of remuneration (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	
	2014	2013	2014	2013	2014	2013
Mr R.C. Neale	58%	53%	17%	28%	25%	19%
Mr S.O. Stephan	67%	61%	26%	19%	7%	20%
Mr B.D. Denney	60%	66%	32%	15%	8%	19%
Mr M.J. Busch	69%	68%	23%	17%	8%	15%

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

**g. Employment contracts**

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

Name	Term of agreement and notice period <sup>1</sup>	Base remuneration including	
		Superannuation <sup>2</sup>	Termination Payments <sup>3</sup>
Mr R.C. Neale <i>Managing Director and Chief Executive Officer (retired 31 January 2014)</i>	No fixed term 2 months' notice period	\$ 1,500,000	\$200,000 index by CPI from 1996
Mr S.O. Stephan <i>Chief Executive Officer (promoted from 1 February 2014)</i>	No fixed term 6 months' notice period	\$ 1,300,000	6 months' base remuneration
Mr B.D. Denney <sup>4</sup> <i>Chief Operating Officer</i>	No fixed term 3 months' notice period	\$ 750,000	3 months' base remuneration
Mr M.J. Busch <i>Chief Financial Officer (promoted from 1 February 2014)</i>	No fixed term 3 months' notice period	\$ 600,000	3 months' base remuneration

<sup>1</sup> This notice applies equally to either party.

<sup>2</sup> Base remuneration quoted is for the year ended 30 June 2014; they are reviewed annually by the remuneration committee.

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

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

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

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

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

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

The terms and conditions of each grant of rights affecting remuneration of key management personnel in the previous, this 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 (\$)
2009	October 2011	August 2013	5.17
2010	October 2011	August 2013	5.17
2010	October 2011	August 2014	5.17
2011	December 2011	August 2012	6.02
2011	December 2011	August 2013	6.02
2011	December 2011	August 2014	6.02
2011	December 2011	August 2015	6.02
2012	December 2012	August 2013	4.03
2012	November 2013	December 2013	4.03
2012	November 2013	January 2014	4.03
2012	December 2012	August 2014	4.03
2012	November 2013	January 2015	4.03
2012	December 2012	August 2015	4.03
2012	December 2012	August 2016	4.03
2013	No rights were awarded for the 2013 financial year		

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

Deferred award of outstanding LTI entitlements to CEO

At the Company's Annual General Meeting in November 2012, shareholders approved the issue of Performance Rights to Mr Neale in respect of outstanding LTI performance payments relating to the 2011 financial year. The payments had been deferred pending shareholder approval at the Annual General Meeting.

At the Company's Annual General Meeting in November 2013, shareholders approved the issue of Performance Rights to Mr Neale in respect of outstanding LTI performance payments relating to the 2012 financial year. The payments had been deferred pending shareholder approval at the Annual General Meeting.

CEO Retirement

With the retirement of Mr Neale, the Board considered the outstanding contribution Mr Neale has made to the company during his tenure as CEO and Managing Director and it was agreed that upon his retirement all outstanding performance rights would vest. In addition, it was agreed that Mr Neale's STI entitlement for the 2012/13 financial year would be paid in one instalment on or before his retirement date of 31 January 2014.



## Remuneration report (continued)

## h. Details of share based compensation (continued)

The deferral of the Performance Right issue, re-alignment of vesting conditions and the vesting of Performance Rights on retirement has had an effect on the quantum of Share Based Payment Expense recognised in the remuneration report, and is summarised as follows:

Period to which LTI relates	Date Performance Rights Issued	Number of Performance Rights Issued	Vesting Date in the Ordinary Course	Amended Vesting Date	Impact on 2013 Share Based Payment Expense (\$)	Impact on 2014 Share Based Payment Expense (\$)
2008	September 2011	30,775	1 August 2009	1 January 2012	-	-
2008	September 2011	30,775	1 August 2010	1 January 2012	-	-
2008	September 2011	30,775	1 August 2011	1 January 2012	-	-
2008	September 2011	30,775	1 August 2012	No change	-	-
2009	September 2011	24,601	1 August 2010	1 January 2012	-	-
2009	September 2011	24,601	1 August 2011	1 January 2012	-	-
2009	September 2011	24,601	1 August 2012	No change	-	-
2009	September 2011	24,601	1 August 2013	No change	69,375	-
2010	September 2011	24,398	1 August 2011	1 January 2012	-	-
2010	September 2011	24,398	1 August 2012	No change	-	-
2010	September 2011	24,398	1 August 2013	No change	68,803	-
2010	September 2011	24,398	1 August 2014	31 January 2014	44,519	44,519
2011	November 2012	36,537	1 August 2012	1 December 2012	73,318	-
2011	November 2012	36,537	1 August 2013	No change	131,972	-
2011	November 2012	36,538	1 August 2014	31 January 2014	82,485	82,485
2012	November 2013	52,317	1 August 2013	1 December 2013	140,558	70,279
2012	November 2013	52,317	1 August 2014	1 January 2014	129,746	81,091
2012	November 2013	52,317	1 August 2015	31 January 2014	67,468	143,370
					<b>808,244</b>	<b>421,744</b>

Details of Rights over ordinary shares in the Company as at 31 July 2014, provided as remuneration to each Director of New Hope Corporation Limited and each of the key management personnel of the Group are set out below. Upon satisfaction of the service and performance conditions each right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met. The maximum value of the rights yet to vest has been determined as the amount of the grant date fair value of the right that is yet to be expensed.

## Remuneration report (continued)

## h. Details of share based compensation (continued)

Name	Grant Date	Vesting Date	Number Granted	Value per Share (\$)	Number Vested	Vested Percentage	Number Forfeited	Forfeited Percentage	Maximum value yet to vest
Mr R.C. Neale	27 Oct 11	01 Aug 13	48,999	5.17	48,999	100%	-	-	-
	27 Oct 11	31 Jan-14 <sup>1</sup>	24,398	5.17	24,398	100%	-	-	-
	17 Dec 11	01 Aug 13	36,537	6.02	36,537	100%	-	-	-
	17 Dec 11	31 Jan-14 <sup>1</sup>	36,538	6.02	36,538	100%	-	-	-
	15 Nov 13	01 Dec 13	52,317	4.03	52,317	100%	-	-	-
	15 Nov 13	01 Jan 14	52,317	4.03	52,317	100%	-	-	-
	15 Nov 13	31 Jan-14 <sup>1</sup>	52,317	4.03	52,317	100%	-	-	-
	27 Oct 11	01 Aug 13	10,040	5.17	10,040	100%	-	-	-
	27 Oct 11	01 Aug 14	10,040	5.17	-	0%	-	-	-
	17 Dec 11	01 Aug 13	8,432	6.02	8,432	100%	-	-	-
Mr S.O. Stephan	17 Dec 11	01 Aug 14	8,432	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	8,432	6.02	-	0%	-	-	13,844
	17 Dec 12	01 Aug 13	11,211	4.03	11,211	100%	-	-	-
	17 Dec 12	01 Aug 14	11,211	4.03	-	0%	-	-	-
	17 Dec 12	01 Aug 15	11,211	4.03	-	0%	-	-	16,943
	17 Dec 12	01 Aug 16	11,210	4.03	-	0%	-	-	24,642
	17 Dec 11	01 Aug 13	8,010	6.02	8,010	100%	-	-	-
	17 Dec 11	01 Aug 14	8,010	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	8,010	6.02	-	0%	-	-	13,151
	17 Dec 12	01 Aug 13	11,211	4.03	11,211	100%	-	-	-
Mr B.D. Denney	17 Dec 12	01 Aug 14	11,211	4.03	-	0%	-	-	-
	17 Dec 12	01 Aug 15	11,211	4.03	-	0%	-	-	16,943
	17 Dec 12	01 Aug 16	11,210	4.03	-	0%	-	-	24,642
	27 Oct 11	01 Aug 13	5,020	5.17	5,020	100%	-	-	-
	27 Oct 11	01 Aug 14	5,020	5.17	-	0%	-	-	-
	17 Dec 11	01 Aug 13	4,005	6.02	4,005	100%	-	-	-
	17 Dec 11	01 Aug 14	4,005	6.02	-	0%	-	-	-
	17 Dec 11	01 Aug 15	4,005	6.02	-	0%	-	-	6,575
	17 Dec 12	01 Aug 13	8,408	4.03	8,408	100%	-	-	-
	17 Dec 12	01 Aug 14	8,408	4.03	-	0%	-	-	-
Mr M.J. Busch	17 Dec 12	01 Aug 15	8,408	4.03	-	0%	-	-	12,707
	17 Dec 12	01 Aug 16	8,408	4.03	-	0%	-	-	18,482

1 Rights for Mr R.C. Neale vested upon retirement as decided by the Board.

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

## i. Equity instruments held by Key Management Personnel

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

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

## Rights holdings

Name	Balance at the start of the year	Granted as remuneration	Vested	Balance at the end of the year	Unvested
Mr R.C. Neale	303,423	-	(303,423)	-	-
Mr S.O. Stephan	90,219	-	(29,683)	60,536	60,536
Mr B.D. Denney	68,873	-	(19,221)	49,652	49,652
Mr M.J. Busch	55,687	-	(17,433)	38,254	38,254

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

Name	Balance at the start of the year	Purchased / (sold)	Received on the vesting of rights	Other changes during the year <sup>1</sup>	Balance at the end of the year
Mr R.D. Millner	3,681,962	-	-	-	3,681,962
Mr P.R. Robinson	119,234	-	-	-	119,234
Mr D.J. Fairfull	11,000	-	-	-	11,000
Mr W.H. Grant	30,000	-	-	-	30,000
Ms S.J. Palmer	-	15,000	-	-	15,000
Mr I.M. Williams	-	16,650	-	-	16,650
Mr R.C. Neale	2,287,736	-	303,423	(2,591,159)	-
Mr S.O. Stephan	42,712	-	29,683	-	72,395
Mr B.D. Denney	8,010	-	19,221	-	27,231
Mr M.J. Busch	664,045	-	17,433	-	681,478

<sup>1</sup> Other changes for Mr R.C. Neale represent balance of final holdings upon retirement.

**j. Other transactions with Key Management Personnel**

Mr R.D. Millner and Mr P.R. Robinson are Directors of New Hope Corporation Limited and Pitt Capital Partners Limited. Pitt Capital Partners Limited acted as financial advisor to the Group for various corporate transactions during the 2014 and 2013 financial years. All transactions are at normal commercial terms.

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

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

Legal advice	\$ 1,013,354
Financial advice	\$ 409,627

**Shares issued on the vesting of rights**

Since the end of the financial year 66,337 rights have been granted and converted to ordinary shares in the Company.

**Loans to directors and executives**

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

**Non-audit services**

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.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- The types of non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms (refer note 32):

	Consolidated	
	2014	2013
<b>Audit services</b>		
PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	448,066	355,629
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	1,045	-
<b>Total remuneration for audit services</b>	<b>449,111</b>	<b>355,629</b>
<b>Non-audit services</b>		
PricewaterhouseCoopers Australian firm:		
Transaction tax and advisory services	435,664	421,090
General advisory services	56,920	63,397
Tax compliance services	94,907	160,752
Tax compliance services - MRRT	1,500	192,670
Tax compliance services - PRRT	43,354	43,795
Research and development compliance services	223,534	270,348
Non PricewaterhouseCoopers firms:		
Taxation services	-	-
<b>Total remuneration for non-audit services</b>	<b>855,879</b>	<b>1,152,052</b>
<b>Total auditors remuneration</b>	<b>1,304,990</b>	<b>1,507,681</b>

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

**Rounding of amounts**

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

**Meetings of Directors**

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2014 and the number of meetings attended by each Director:

	Full meetings of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr R.D. Millner	14	13	-	-	-	-	-	-
Mr P.R. Robinson	14	14	-	-	2	2	1	1
Mr D.J. Fairfull	14	14	3	3	-	-	-	-
Mr W.H. Grant	14	13	3	2	2	2	1	1
Ms S.J. Palmer	14	13	3	3	-	-	-	-
Mr I.M. Williams	14	14	-	-	2	2	1	1
Mr R.C. Neale (retired 31 January 2014)	7	6	-	-	-	-	-	-

Signed at Sydney this 22nd day of September 2014 in accordance with a resolution of Directors.

R.D. Millner  
Director

S.J. Palmer  
Director

**Auditor's Independence Declaration**

As lead auditor for the audit of New Hope Corporation Limited for the year ended 31 July 2014, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of New Hope Corporation Limited and the entities it controlled during the period.

Simon Neill  
Partner  
PricewaterhouseCoopers

Sydney  
22 September 2014

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement has been summarised into sections in line with the eight core corporate governance principles as specified in the Australian Securities Exchange (ASX) Corporate Governance Council's 2nd Edition of the *Corporate Governance Principles and Recommendations*.

### Foundations for management and oversight

The Board is ultimately responsible for the operations, management and performance of the Company. In discharging this responsibility, the Board delegates to senior management, whose role is to manage the Company in accordance with the directions and policies set by the Board. The Board monitors the activities of senior management in the performance of their delegated duties.

It is the responsibility of the Board to determine policies, practices, management and the operations of the Company and to ensure that the Company is compliant with statutory, legal and other regulatory obligations. Details of these policies can be accessed through the Company Secretary.

Responsibilities of the Board include the following:

- Determining corporate strategies, policies and guidelines for the successful performance of the Company in the present and the future;
- Monitoring the Company's overall performance and financial results, adopting annual budgets and approving New Hope Corporation Limited's financial statements;
- Accountability to shareholders;
- Ensuring that risk management procedures and compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of senior management and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

The performance of Non-executive Directors is reviewed by the Remuneration Committee with any unsatisfactory performance referred to the remainder of the Board. This review was undertaken during the year.

The efficiency, effectiveness and operations of the Board are continuously subjected to informal monitoring by the Remuneration Committee, Nomination Committee and the Board as a whole.

The performance of senior management was reviewed by the Remuneration Committee during the year in accordance with its established procedures.

### Board structure

At the date of this report the Board consists of six Non-executive Directors. Details of the Directors of the Company, their experience, expertise, qualifications, and attendance at meetings are set out in the Directors' Report.

Key elements of the Board composition include:

- In accordance with the Company's Constitution, the Board should comprise no less than three or more than ten Directors.
- The Chairman of the Board is a Non-executive Director.
- The Non-executive Chairman and Chief Executive Officer roles are separate.
- The Board comprises a mix of Directors from different backgrounds with complementary skills and experience.
- The size of the Board and membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external perspective.

The Company has not strictly complied with ASX corporate governance principles in that the Board does not consist of a majority of independent Non-executive Directors. Mr Robert Millner (Chairman), Mr Peter Robinson and Mr David Fairfull are Directors of New Hope Corporation Limited's major shareholder, Washington H. Soul Pattinson and Company Limited. Ms Sue Palmer, Mr Ian Williams and Mr William Grant are considered independent.

Whilst all the Non-executive Directors cannot be considered "independent" in accordance with the ASX corporate governance principles, all Directors are expected to bring their independent views and judgement to the Board and, in accordance with the *Corporations Act 2001*, must inform the Board if they have any interest that could conflict with those of the Company. Where the Board considers that a significant conflict exists, it may exercise its discretion to determine whether the Director concerned may be present at the meeting while the item is considered. Also, the Board considers that due to the extensive experience and knowledge that these Directors have of the business, it would be contrary to shareholders' best interests if the Directors were precluded from holding the position of Director on these grounds.

In the discharge of their duties and responsibilities, the Directors individually (as well as the Board) have the right to seek independent professional advice at the Company's expense. However, for advice to individual Directors, prior approval of the Chairman is required, which is not to be unreasonably withheld.

The Nomination Committee consists of Non-executive Directors who periodically review the membership and performance of the Board having regard to the Company's particular needs, both present and future. These periodic reviews are conducted at least annually or more frequently if deemed appropriate.

The Board sets goals and objectives for the Board, its Committees and Directors. Performance is measured against these goals and objectives in such manner deemed appropriate by the Board. The performance of the Board and its Committees was reviewed during the year in accordance with established procedures.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Constitution, one third of the Board (excluding any Managing Director) retire from office each year and if eligible submit themselves for re-election by shareholders at the Annual General Meeting.

### Ethical and responsible decision making

The Company has an established Code of Conduct dealing with matters of integrity and ethical standards. The code is designed to comply with the legal and other obligations of legitimate stakeholders and other interested parties and to foster a culture of compliance. All Directors, executives and employees are expected to abide by the code of conduct and specific policies in place, and to bring to the attention of senior management or the Board instances of unethical practices. The code and policies cover:

- Professional conduct;
- Ethical standards;
- Standards of workplace behaviour and equal opportunity;
- Relationships with customers, suppliers and competitors;
- Confidentiality and continuous disclosure;
- Anti-discrimination and harassment;
- Trading in Company securities; and
- The environment.

The Company addresses diversity via the Code of Conduct, the Equal Employment Opportunity Policy, and the Recruitment and Selection Policy. Through these principles based documents the Company aims to foster a workplace where employees feel that they are a valued member of the organisation; that they are treated fairly and that inappropriate behaviour does not take place. The Company is also committed to ensuring that employees and all other individuals involved in its operations are provided with equal opportunity in all aspects of recruitment, selection and employment.

It is the Company's policy that when recruiting and selecting staff that the best person for the position is chosen in each case. This is achieved by basing selection decisions on the merit principle whereby individuals shall be selected based on their capability to meet the requirements of the position and who have the right position related attributes. Unlawful discrimination of either a positive or negative bias (including gender) is not tolerated.

The Company is an equal opportunity employer and is committed to ensuring that all applicants for selection (employees, Officers and Directors) are not unlawfully discriminated against. The Company seeks to attract and retain employees across a broad experience base relevant to the Company. The Company aims to remunerate people fairly and provide opportunities for all individuals to reach their full potential, whilst understanding the need to be flexible to each individual's personal circumstances.



The Company believes that the most appropriate measurable objectives in addressing gender diversity will deliver outcomes that are aligned to the principles outlined above. The following table outlines the Company's measurable objectives in achieving diversity.

Measurable Objective	Progress Achieved
Develop a culture that embraces diversity that is supported by corporate policy.	Policies are in place and readily available to all employees at all times. Policies are formally communicated to employees during their induction and periodic formal refresher training is also conducted.
The Company's recruitment processes and documents ensure the Company appeals to, and targets, a diverse pool of potential employees.	Formal recruitment procedures are in place that necessitates the involvement of the Human Resources Department in all stages of the recruitment process which ensures that corporate policy is adhered to and that the recruitment and selection process is free from unlawful bias.
Ensure policies, procedures and guidelines support the delivery of a flexible, tolerant and accommodating work environment.	Through various policies and guidelines (Education Assistance, Training and Development, Leave, Parental Leave, Salary Packaging, Flexibility and Wellbeing) the Company has acknowledged the need for, and provides opportunities for employees to achieve, flexibility in their work environment.  This includes flexible working arrangements for new parents returning to work in the form of: <ul style="list-style-type: none"> <li>• The ability to work from home;</li> <li>• The option to have non-standard working hours; and</li> <li>• The ability to work part-time for a period before returning to full time work.</li> </ul>
A commitment to pay equity whereby remuneration is set based on the market based data and each individual's qualifications and experience.	Remuneration is initially set (and reviewed at least annually) by reference to independent market data which accounts for both the skills required for the role, the industry, and employment location. This is further linked to each employee's qualifications and experience. Procedures dictate that the Human Resources Department are involved in all steps of the remuneration setting process, including the final executive review and annual "norming" process which ensures that all employees are remunerated fairly, reasonably and without fear of undue bias.

The following table shows the proportion of women employed by the Company.

Role	Number of women	Number of men	Total employees	Female percentage
Directors	1	6	7	14%
Senior executives	5	43	48	10%
Total employees	71	495	566	13%

#### Integrity in financial reporting

New Hope Corporation Limited has an established Audit Committee, which has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. The current members of the Audit Committee are Non-executive Directors Ms S.J. Palmer (Chairperson), Mr W.H. Grant and Mr D.J. Fairfull. The Company's Non-executive Chairman Mr R.D. Millner is not a member of the Audit Committee. The Non-executive Chairman and other Directors, CEO, CFO, Company Secretary and the internal auditor may attend Audit Committee meetings by invitation.

Further details of the Directors' qualifications, terms of office, and attendance at Audit Committee meetings are set out in the Directors' report on pages 10 to 13 and 24.

The external auditors (PricewaterhouseCoopers) are requested by the Audit Committee to attend the appropriate meetings to report on the results of their review and audit for the half year and full year respectively.

The external and internal auditors both have direct access to the Audit Committee.

The function of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors. The Audit Committee regularly evaluates the performance of its external auditors, considers the appropriateness of the external audit engagement partners including their rotation, and considers the need and timing for putting the external audit role out to tender;
- The effectiveness of internal control processes and management information systems;
- Compliance with the *Corporations Act 2001*, ASX Listing Rules and any other applicable requirements; and
- The application and adequacy of risk management systems within the Company.

The CEO and CFO are required to state in writing to the Board, by submission to the Audit Committee, that the Company's financial statements present a true and fair view, in all material respects, of the Company's financial position and operational results and that they are in accordance with relevant accounting standards.

#### Timely and balanced disclosure

The Company has a Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules and *Corporations Act 2001* continuous disclosure requirements. The policy requires timely disclosure through the ASX company announcement platform of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Board is responsible for determining disclosure obligations and the Company Secretary is the nominated Continuous Disclosure Officer for the Company.

#### Respect the rights of shareholders

The Board is committed to ensuring that shareholders, the stock market and other interested parties are fully informed of all material matters affecting the Company. The dissemination of information is mainly achieved as follows:

- An annual report is available to be distributed to shareholders in October each year and is placed on the Company's website;
- Where possible, significant information is posted on the Company's internet website as soon as it is disclosed to the market; and
- The external auditor is requested to attend the Annual General Meeting to answer shareholders' questions about the conduct of their audit and the content of the auditor's report.

#### Risk recognition and management

The Company is committed to identifying and managing areas of significant business risk to protect shareholders, employees, earnings and the environment. The framework to achieve this objective is promulgated in the Company's Risk Management policy. The Risk Management and Internal Audit function within the Company is responsible for the oversight and monitoring of performance of the policy. Arrangements in place, as set out in the company's Risk Management policy, include:

- Regular detailed financial, budgetary and management reporting;
- Procedures to manage financial, operational, strategic, market, and regulatory risks;
- Established organisational structures, procedures and policies dealing with the areas of health and safety, environmental issues, industrial relations and legal and regulatory matters;
- Comprehensive insurance and risk management programs;
- Procedures requiring Board approval for all borrowings and capital expenditure beyond minor levels; and
- Where applicable, the utilisation of specialised staff and external advisors.

The CEO and CFO are required to state in writing to the Board, by submission to the Audit Committee, that the risk management and internal control compliance systems implemented by the Board are operating efficiently and effectively and that the directors declaration given under section 259A *Corporations Act 2001* is founded on a sound system of risk management and control. The required statement has been received from the Chief Executive Officer and Chief Financial Officer relative to the year of income.

#### Remunerate fairly and responsibly

The Remuneration Committee consists of Non-executive Directors who are responsible for reviewing and proposing remuneration and other terms of employment for Non-executive Directors. Details of the attendance at meetings of the Remuneration Committee is included on page 24 of the Directors' report.

Non-executive Directors' fees are reviewed annually after taking into consideration the Company's performance, market rates and level of responsibility. The aggregate amount of fees which may be paid to non-executive Directors is subject to the approval of shareholders at the Annual General Meeting and is currently set at \$1,750,000 (2013 - \$1,750,000) per annum.

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 JULY 2014

Remuneration of senior executives is reviewed annually by the Remuneration Committee, taking into consideration the Company's performance, market rates and levels of responsibility.

Further information of Directors' and executives' remuneration is set out in the Directors Report and in the Notes to the Financial Statements.

The Company's Share Trading Policy has been disclosed to the market via the ASX Company Announcement Platform. The policy provides that:

- Trading is prohibited when Directors and employees are in possession of price sensitive information which is not available to the public;
- Trading is prohibited during the period of four weeks prior to the announcement of the Company's half year and full year results;
- The Company has established the following share trading windows each for a period of six weeks commencing from:
  - The release of the Company's annual result to the Australian Securities Exchange;
  - The release of the Company's half yearly result to the Australian Securities Exchange;
  - The date of the Annual General Meeting; and
  - The release of a prospectus.
- At times other than those referred to above, Directors and employees may trade after seeking approval from the Chairman of the Board, or in his absence, two directors of New Hope Corporation Limited.

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

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

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

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

The financial report was authorised for issue by the Directors on 22 September 2014. 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](http://www.newhopegroup.com.au)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2014

	Notes	2014 \$000	2013 \$000
Revenue from continuing operations	5	548,959	652,097
Other income	6	17,484	4,328
		<u>566,443</u>	<u>656,425</u>
<b>Expenses</b>			
Cost of sales		(336,949)	(319,933)
Marketing and transportation		(134,802)	(139,327)
Administration		(12,208)	(16,213)
Other expenses		(7,072)	(7,205)
Impairment of assets	7	(4,365)	(51,377)
Share of net loss of associate	37	-	(386)
		<u>71,047</u>	<u>121,984</u>
<b>Profit before income tax</b>			
Petroleum resource rent tax benefit	8	7,317	1,509
Income tax expense	8	(19,915)	(49,365)
		<u>58,449</u>	<u>74,128</u>
<b>Profit after income tax for the year</b>			
Profit attributable to:			
New Hope Shareholders		58,450	74,129
Non-controlling interests		(1)	(1)
		<u>58,449</u>	<u>74,128</u>
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax	27	14,477	(39,824)
Transfer to profit and loss for cash flow hedges, net of tax	27	13,958	(10,431)
Changes to the fair value of available for sale financial assets, net of tax	27	4,046	(4,729)
Other comprehensive income for the year, net of tax		<u>32,481</u>	<u>(54,984)</u>
<b>Total comprehensive income for the year</b>		<u>90,930</u>	<u>19,144</u>
Total comprehensive income attributable to:			
New Hope Shareholders		90,931	19,145
Non-controlling interests		(1)	(1)
		<u>90,930</u>	<u>19,144</u>
<b>Earnings per share for profit attributed to ordinary equity holders of the Company</b>			
Basic earnings per share (cents/share)	34	7.0	8.9
Diluted earnings per share (cents/share)	34	7.0	8.9

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

## BALANCE SHEET AS AT 31 JULY 2014

	Notes	2014 \$000	2013 \$000
<b>Current assets</b>			
Cash and cash equivalents	10	57,015	21,564
Receivables	11	51,430	57,905
Inventories	12	56,519	58,673
Held to maturity investments	13	1,067,241	1,229,608
Held for sale financial assets	16(a)	27,183	-
Current tax assets		3,693	-
Other	14	271	614
		<u>1,263,352</u>	<u>1,368,364</u>
<b>Non-current assets</b>			
Receivables	15	2,576	2,775
Available for sale financial assets	16(b)	2,256	30,215
Derivative financial instruments	35	2,447	-
Property, plant and equipment	17	784,998	764,037
Exploration and evaluation assets	18	105,332	77,210
Intangible assets	20	24,881	25,963
		<u>922,490</u>	<u>900,200</u>
<b>Total non-current assets</b>			
		<u>2,185,842</u>	<u>2,268,564</u>
<b>Total assets</b>			
<b>Current liabilities</b>			
Accounts payable	21	42,504	46,758
Current tax liabilities		-	18,924
Derivative financial instruments	35	3,255	29,721
Provisions	24	28,125	32,148
		<u>73,884</u>	<u>127,551</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	23	85,197	67,733
Provisions	25	52,902	45,117
Derivative financial instruments	35	-	11,707
		<u>138,099</u>	<u>124,557</u>
<b>Total non-current liabilities</b>			
		<u>211,983</u>	<u>252,108</u>
<b>Total liabilities</b>			
		<u>1,973,859</u>	<u>2,016,456</u>
<b>Net assets</b>			
<b>Equity</b>			
Contributed equity	26	95,119	93,342
Reserves	27(a)	27,400	(3,988)
Retained profits	27(b)	1,851,289	1,925,767
		<u>1,973,808</u>	<u>2,015,121</u>
Capital and reserves attributable to New Hope Shareholders			
Non-controlling interests		51	1,335
		<u>1,973,859</u>	<u>2,016,456</u>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2014

	Notes	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
<b>Balance at 1 August 2012</b>		<b>92,509</b>	<b>50,570</b>	<b>2,109,104</b>	<b>733</b>	<b>2,252,916</b>
Profit for the year		-	-	74,129	(1)	74,128
Other comprehensive income		-	(54,984)	-	-	(54,984)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(54,984)</b>	<b>74,129</b>	<b>(1)</b>	<b>19,144</b>
<b>Transactions with owners in their capacity as owners</b>						
Dividends provided for or paid	9	-	-	(91,360)	-	(91,360)
Special dividend paid	9	-	-	(166,106)	-	(166,106)
Transfer from share based payment reserve to equity	27	833	(833)	-	-	-
Net movement in share based payment reserve	27	-	1,259	-	-	1,259
Share of non-controlling interests equity contributions		-	-	-	603	603
		<u>833</u>	<u>426</u>	<u>(257,466)</u>	<u>603</u>	<u>(255,604)</u>
<b>Balance at 31 July 2013</b>		<b>93,342</b>	<b>(3,988)</b>	<b>1,925,767</b>	<b>1,335</b>	<b>2,016,456</b>
Profit for the year		-	-	58,450	(1)	58,449
Other comprehensive income		-	32,481	-	-	32,481
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>32,481</b>	<b>58,450</b>	<b>(1)</b>	<b>90,930</b>
<b>Transactions with owners in their capacity as owners</b>						
Dividends provided for or paid	9	-	-	(91,392)	-	(91,392)
Special dividend paid	9	-	-	(41,536)	-	(41,536)
Transfer from share based payment reserve to equity	27	1,777	(1,777)	-	-	-
Net movement in share based payment reserve	27	-	684	-	-	684
Share of non-controlling interests equity contributions		-	-	-	(1,283)	(1,283)
		<u>1,777</u>	<u>(1,093)</u>	<u>(132,928)</u>	<u>(1,283)</u>	<u>(133,527)</u>
<b>Balance at 31 July 2014</b>		<b>95,119</b>	<b>27,400</b>	<b>1,851,289</b>	<b>51</b>	<b>1,973,859</b>

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 2014

	Notes	2014 \$000	2013 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers inclusive of GST		520,558	560,422
Payments to suppliers and employees inclusive of GST		(426,311)	(425,439)
		<u>94,247</u>	<u>134,983</u>
Income taxes paid		(29,935)	(42,345)
<b>Net cash inflow from operating activities</b>	33	<u>64,312</u>	<u>92,638</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(81,119)	(106,584)
Payments for exploration and evaluation activities		(31,587)	(21,175)
Payments for purchase of subsidiary, net of cash acquired		-	(44,260)
Payments for available for sale financial assets		(9,298)	-
Payments for investments in associates		-	(730)
Refunds of/(payments for) security and bond guarantees		344	(55)
Proceeds from held to maturity investments		160,793	216,901
Proceeds from sale of property, plant and equipment		504	936
Net proceeds from sale of non-current assets		23,000	5,813
Interest received on held to maturity investments		42,479	61,060
<b>Net cash inflow from investing activities</b>		<u>105,116</u>	<u>111,906</u>
<b>Cash flows from financing activities</b>			
Joint venture partner contributions		108	601
Dividends paid		(132,928)	(257,466)
<b>Net cash outflow from financing activities</b>		<u>(132,820)</u>	<u>(256,865)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>36,608</b>	<b>(52,321)</b>
Cash and cash equivalents at the beginning of the financial year		21,564	70,990
Effects of exchange rate changes on cash and cash equivalents		(1,157)	2,895
<b>Cash and cash equivalents at the end of the financial year</b>	10	<u>57,015</u>	<u>21,564</u>

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### a. Basis of preparation of accounts

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

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

Comparative information has been reclassified where appropriate to enhance comparability.

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

The consolidated financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

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

#### (iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### b. Principles of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Hope Corporation Limited (Company or parent entity) as at 31 July 2014 and the results of all subsidiaries for the year then ended.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (note 1(h)).

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

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

#### (ii) Associates

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Principles of consolidation (continued)

#### (ii) Associates (continued)

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

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

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

#### (iii) Joint Arrangements

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

#### Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 38.

#### Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 38.

### c. Segment reporting

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

### d. Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****d. Foreign currency translation (continued)***(iii) Group companies*

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale where applicable.

**e. Revenue recognition**

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

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

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

**f. Income tax**

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****f. Income tax (continued)**

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the company is able to control the timing of the reversal of the temporary difference and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

*Tax consolidation legislation*

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

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

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

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

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

**g. Exploration and evaluation expenditure**

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and such costs are expected to be recouped through successful development and exploitation or from sale of the area.

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

**h. Business combinations**

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

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

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

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purposes of assessing impairment under value in use testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**j. Cash and cash equivalents**

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

**k. Trade receivables**

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

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

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

**l. Inventories**

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

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

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

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****n. Investments and other financial assets**

The Group classifies its financial assets in the following categories:

*(i) Available for sale financial assets*

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

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

*(ii) Held to maturity investments*

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

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value, and subsequently at amortised cost less provisions for doubtful debts. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 11) and receivables (note 14) in the balance sheet.

**Impairment**

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

*(iv) Assets classified as available for sale*

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

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

**o. Derivatives - Forward foreign exchange contracts**

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

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

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



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

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

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

**p. Fair value estimation**

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

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

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

**q. Property, plant and equipment**

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

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

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

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

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

**r. Mine properties, mine development costs, mining reserves and mining leases**

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

Mining reserves, leases and mine 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 a mine commences commercial production.

The cost of acquiring mineral reserves and mineral resources are capitalised on the statement of financial position as incurred.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****s. Deferred stripping costs**

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

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

**t. Intangible assets***(i) IT development and software*

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

*(ii) Goodwill*

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

**u. Trade and other payables**

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

**v. Borrowing costs**

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

**w. Employee benefits***(i) Short-term obligations*

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

*(ii) Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

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

The fair value of rights at grant date is calculated as the number of rights offered at the share price at offer date. The fair value of options at grant date is independently determined using a monte carlo 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.

**x. Contributed equity**

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

**y. Dividends**

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

**z. Rounding of amounts**

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**aa. Earnings per share***(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**ab. Restoration, rehabilitation and environmental expenditure**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****ac. 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.

**ad. Leases**

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

**ae. New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 August 2013:

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*;
- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period;
- AASB Interpretation 20 (IFRIC 20), *Stripping Costs in the Production Phase of a Surface Mine*;
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*;
- AASB 119 *Employee Benefits* (September 2011) and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*;
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*; and
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*.

The adoption of AASB 10, AASB 11, AASB 13 and IFRIC 20 did not affect any of the amounts recognised in the current period or any prior periods. The standards only affected the disclosures in the notes to the financial statements. The revised standard AASB 119 *Employee Benefits* has changed the accounting for the group's annual leave obligations. However, the impact of this change was not material.

**af. New accounting standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2014 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) IFRS 15 *Revenue from Contracts with Customers* - IFRS 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 IAS 18 Revenues, IAS 11 Construction Contracts and related Interpretations. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also allows costs associated with obtaining a contract to be capitalised and amortised over the life of the new contract. The Group has not yet assessed how its own revenue recognition would be affected by the new rule. The Group does not intend on adopting the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2018.

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

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

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

**ag. Parent entity financial information**

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

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

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

**(ii) Tax consolidation legislation**

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

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

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

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

**ah. Comparative Figures**

When required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**2. FINANCIAL RISK MANAGEMENT**

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

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

The Group holds the following financial instruments:

	Held for Sale \$000	Available for Sale \$000	Derivatives used for hedging \$000	Financial assets / liabilities amortised at cost \$000	Total \$000
<b>Financial assets</b>					
<b>2014</b>					
Cash and cash equivalents	-	-	-	57,015	57,015
Trade and other receivables	-	-	-	54,006	54,006
Available for sale financial assets	-	2,256	-	-	2,256
Held to maturity investments	-	-	-	1,067,241	1,067,241
Held for sale financial assets	27,183	-	-	-	27,183
Derivative financial instruments	-	-	2,447	-	2,447
Other financial assets	-	-	-	271	271
	<b>27,183</b>	<b>2,256</b>	<b>2,447</b>	<b>1,178,533</b>	<b>1,210,419</b>
<b>2013</b>					
Cash and cash equivalents	-	-	-	21,564	21,564
Trade and other receivables	-	-	-	60,680	60,680
Available for sale financial assets	-	30,215	-	-	30,215
Held to maturity investments	-	-	-	1,229,608	1,229,608
Other financial assets	-	-	-	614	614
	<b>-</b>	<b>30,215</b>	<b>-</b>	<b>1,312,466</b>	<b>1,342,681</b>
<b>Financial liabilities</b>					
<b>2014</b>					
Trade and other payables	-	-	-	42,504	42,504
Derivative financial instruments	-	-	3,255	-	3,255
	<b>-</b>	<b>-</b>	<b>3,255</b>	<b>42,504</b>	<b>45,759</b>
<b>2013</b>					
Trade and other payables	-	-	-	46,758	46,758
Derivative financial instruments	-	-	41,428	-	41,428
	<b>-</b>	<b>-</b>	<b>41,428</b>	<b>46,758</b>	<b>88,186</b>

**a. Market risk****(i) Foreign exchange risk**

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

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



**2. FINANCIAL RISK MANAGEMENT (continued)****a. Market risk (continued)***(i) Foreign exchange risk (continued)*

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

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

	2014 USD \$000	2013 USD \$000
Cash and cash equivalents	26,596	5,927
Trade receivables	13,203	18,617
Forward exchange contracts - sell foreign currency (cash flow hedges)	168,000	412,000
Trade payables	12	-

*Group sensitivity*

Based on the trade receivables, cash and trade payables held at 31 July 2014, 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 \$3,321,000/(\$2,717,000) (2013 - \$2,112,000/(\$1,728,000)), 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 2014, 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 \$20,314,000/(\$16,569,000) (2013 - \$41,820,000/(\$46,003,000)). There is no effect on post-tax profits. Equity in 2014 is less sensitive to movements in the Australian dollar/USD exchange rates than in 2013 due to the decreased value of forward exchange contracts in 2014.

*(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 and are included in the All Ordinaries Index. The table below summarises the impact of increases/decreases in the index on the Group's equity as at balance date. The analysis is based on the assumption that the equity index had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Index	Impact on post-tax profit		Impact on equity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
All Ordinaries - 10% increase	-	-	3,518	3,518
All Ordinaries - 10% decrease	(150)	(3,099)	(3,368)	(420)

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

*(iii) Fair value interest rate risk*

Refer to (e) below.

**2. FINANCIAL RISK MANAGEMENT (continued)****b. Credit risk**

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

Credit risk further arises in relation to financial guarantees given to certain parties (see note 22). Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

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

	2014 \$000	2013 \$000
Trade receivables	51,430	57,905
Cash at bank and short term bank deposits	57,015	21,564
Held to maturity investments	1,067,241	1,229,608
Derivative financial instruments	2,447	-

**c. Liquidity risk**

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

*(i) Financing arrangements*

The Group has no current need of external funding lines.

**d. Maturity of financial liabilities**

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

**e. Cash flow and fair value interest rate risk**

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

Based on the deposits held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by \$7,394,000 (2013 - \$9,225,000).

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

**f. Fair value measurements**

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

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

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

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

The following table presents the group's assets measured and recognised at fair value as at 31 July 2014 and 31 July 2013.

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets</b>				
Derivatives used for hedging	-	2,447	-	2,447
Held for sale financial assets				
Equity securities	27,183	-	-	27,183
Available for sale financial assets				
Equity securities	2,256	-	-	2,256
<b>Total assets</b>	<b>29,439</b>	<b>2,447</b>	<b>-</b>	<b>31,886</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	3,255	-	3,255
<b>Total liabilities</b>	<b>-</b>	<b>3,255</b>	<b>-</b>	<b>3,255</b>
<b>2013</b>				
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets</b>				
Available for sale financial assets				
Equity securities	30,215	-	-	30,215
<b>Total assets</b>	<b>30,215</b>	<b>-</b>	<b>-</b>	<b>30,215</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	41,428	-	41,428
<b>Total liabilities</b>	<b>-</b>	<b>41,428</b>	<b>-</b>	<b>41,428</b>

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

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

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

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**a. Critical accounting estimates and assumptions**

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

*(i) Rehabilitation*

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

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****a. Critical accounting estimates and assumptions (continued)***(ii) Determination of coal reserves and coal resources*

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

*(iii) Impairment*

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

*(iv) Mineral Resource Rent Tax (MRRT)*

The MRRT legislation, effective from 1 July 2012, has resulted in deferred tax balances were recognised. The MRRT has been repealed with an effective date yet to be confirmed. Judgement is required in assessing whether deferred tax assets and deferred tax liabilities arising from MRRT are recognised on the balance sheet.

Deferred tax assets are recognised only when it is considered probable that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These in turn depend on estimates of future sales volumes, operating costs, capital expenditure and government royalties payable.

Judgements are also required about the application of the MRRT tax legislation for example in relation to the hypothetical valuation point.

The judgements and assumptions made by management are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

*(v) Petroleum Resource Rent Tax (PRRT)*

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

New Hope Corporation Limited, as head company of the income tax consolidated has made a PRRT consolidation election and as such the Group currently includes two PRRT consolidated groups at 31 July 2014 and 31 July 2013. The Group has accounted for its PRRT tax balances in accordance with the stand alone taxpayer method in alignment with its tax funding agreement.

**b. Critical judgements in applying the entity's accounting policies***(i) Exploration and evaluation expenditure*

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

*(ii) Impairment of available for sale financial assets*

In the 2013 financial statements, the Group made a significant judgement about the impairment of a number of its available for sale financial assets.

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



#### 4. FINANCIAL REPORTING SEGMENTS

##### a. Description of segments

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

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

Other immaterial coal mining and related operations that do not meet the quantitative thresholds requiring separate disclosure in AASB 8 *Operating Segments* have been combined with the current coal mining operations.

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

##### b. Segment information

	Notes	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
<b>Year ended 31 July 2014</b>						
<b>Revenue from external customers</b>	5	4,169	14,153	489,888	40,749	548,959
Intersegment revenue		207,000	-	-	-	207,000
<b>Total revenue</b>		<b>211,169</b>	<b>14,153</b>	<b>489,888</b>	<b>40,749</b>	<b>755,959</b>
<b>EBITDA</b>		<b>16,359</b>	<b>200</b>	<b>58,126</b>	<b>38,987</b>	<b>113,672</b>
Interest expense		(172)	-	-	-	(172)
Depreciation and amortisation		(45,818)	(2,440)	(11,577)	-	(59,835)
<b>Profit before tax (before non regular items)</b>		<b>(29,631)</b>	<b>(2,240)</b>	<b>46,549</b>	<b>38,987</b>	<b>53,665</b>
Non regular items before tax		-	-	-	17,382	17,382
<b>Profit before tax (after non regular items)</b>		<b>(29,631)</b>	<b>(2,240)</b>	<b>46,549</b>	<b>56,369</b>	<b>71,047</b>
Less Income tax benefit/(expense)		7,831	(1,662)	(13,965)	(12,119)	(19,915)
Less Petroleum resource rent tax benefit		-	7,317	-	-	7,317
<b>Profit after tax (after non regular items)</b>		<b>(21,800)</b>	<b>3,415</b>	<b>32,584</b>	<b>44,250</b>	<b>58,449</b>
Total segment profit before tax includes:						
Interest revenue	5	20	114	22	40,749	40,905
Interest expense		(172)	-	-	-	(172)
Depreciation and amortisation	7	(45,818)	(2,440)	(11,577)	-	(59,835)
Share of net loss of associate	37	-	-	-	-	-
<b>Reportable segment assets</b>		<b>714,639</b>	<b>163,817</b>	<b>180,874</b>	<b>1,126,512</b>	<b>2,185,842</b>
Total segment assets includes:						
Additions to non-current assets		58,097	44,971	9,092	-	112,160

#### 4. FINANCIAL REPORTING SEGMENTS (continued)

##### b. Segment information (continued)

	Notes	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
<b>Year ended 31 July 2013</b>						
<b>Revenue from external customers</b>	5	11,279	6,369	569,746	64,703	652,097
Intersegment revenue		305,184	-	-	-	305,184
<b>Total revenue</b>		<b>316,463</b>	<b>6,369</b>	<b>569,746</b>	<b>64,703</b>	<b>957,281</b>
<b>EBITDA</b>		<b>101,094</b>	<b>(581)</b>	<b>56,928</b>	<b>63,645</b>	<b>221,086</b>
Interest expense		(13)	-	-	-	(13)
Depreciation and amortisation		(37,871)	(1,293)	(9,334)	-	(48,498)
<b>Profit before tax (before non regular items)</b>		<b>63,210</b>	<b>(1,874)</b>	<b>47,594</b>	<b>63,645</b>	<b>172,575</b>
Non regular items before tax		-	-	-	(50,591)	(50,591)
<b>Profit before tax (after non regular items)</b>		<b>63,210</b>	<b>(1,874)</b>	<b>47,594</b>	<b>13,054</b>	<b>121,984</b>
Less Income tax benefit/(expense)		(15,865)	108	(14,278)	(19,330)	(49,365)
Less Petroleum resource rent tax benefit		-	1,509	-	-	1,509
<b>Profit after tax (after non regular items)</b>		<b>47,345</b>	<b>(257)</b>	<b>33,316</b>	<b>(6,276)</b>	<b>74,128</b>
Total segment profit before income tax includes:						
Interest revenue	5	-	-	-	60,594	60,594
Interest expense		(13)	-	-	-	(13)
Depreciation and amortisation	7	(37,871)	(1,293)	(9,334)	-	(48,498)
Share of net loss of associate	37	-	-	-	(386)	(386)
<b>Reportable segment assets</b>		<b>689,524</b>	<b>105,117</b>	<b>192,536</b>	<b>1,281,387</b>	<b>2,268,564</b>
Total segment assets includes:						
Additions to non-current assets		145,270	38,177	9,964	-	193,411
					<b>2014</b>	<b>2013</b>
					<b>\$000</b>	<b>\$000</b>
<b>c. Other segment information</b>						
<i>(i) Segment revenue</i>						
Total segment revenue						
Japan					177,430	195,088
Taiwan/China					252,676	316,195
Chile					14,034	4,390
Korea					5,943	5,995
Australia					58,127	65,726
					508,210	587,394
Investment income - Australia					40,749	64,703
					548,959	652,097

Included within revenue for the marketing and logistics segment are customers that represent more than 10 per cent of the Group's total revenue. For the year ended 31 July 2014, one customer contributed \$252,676,000 (2013 - \$308,467,000) in sales revenue, whilst another customer contributed \$66,656,000 (2013 - \$65,560,000) in sales revenue. A further customer in 2013 contributed \$71,153,000 but was below 10 per cent of the Group's total revenue for the year ended 31 July 2014.

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

##### *(ii) Segment assets*

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

	2014 \$000	2013 \$000
<b>5. REVENUE</b>		
<b>From continuing operations</b>		
Sales revenue		
Sale of goods	478,138	560,211
Services	25,766	26,092
	<u>503,904</u>	<u>586,303</u>
Other revenue		
Property rent	800	750
Interest	40,905	60,594
Sundry revenue	3,350	4,450
	<u>548,959</u>	<u>652,097</u>
<b>6. OTHER INCOME</b>		
Gain on sale of Westside Corporation Limited	17,133	-
Gain on sale of Quantex	249	-
Gain on Bridgeport previously held interest	-	4,109
Gain on sale of WICET Subscription	-	786
Gain/(loss) on sale of property, plant and equipment	102	(567)
	<u>17,484</u>	<u>4,328</u>
<b>7. EXPENSES</b>		
Profit before income tax includes the following specific expenses:		
Foreign exchange gains and losses		
Net foreign exchange losses/(gains)	1,157	(2,895)
Depreciation		
Buildings	557	413
Plant and equipment	52,166	40,716
	<u>52,723</u>	<u>41,129</u>
Amortisation		
Mining reserves and mine development	3,499	5,033
Software	1,625	1,285
Oil producing assets	1,988	1,051
	<u>7,112</u>	<u>7,369</u>
Other charges against assets		
Impairment of investment in associates	-	13,286
Impairment of available for sale investments	-	38,091
Impairment of oil producing and exploration assets	4,365	-
	<u>4,365</u>	<u>51,377</u>
Exploration costs expensed	18,195	13,419
Employee benefits expensed	93,571	96,624
Operating lease costs expensed	4,377	4,171

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

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

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

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

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

	2014 \$000	2013 \$000
<b>b. Income Tax Expense</b>		
Current tax	7,241	48,593
Deferred tax	12,595	6,587
Adjustments for current tax of prior periods	79	(5,815)
Petroleum resource rent tax benefit	(7,317)	(1,509)
	<u>12,598</u>	<u>47,856</u>
Deferred income tax expense/(revenue) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 19)	(656)	1,135
Increase/(decrease) in deferred tax liabilities (note 23)	5,934	3,943
	<u>5,278</u>	<u>5,078</u>
<b>c. Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax	71,047	121,984
Income tax calculated at 30% (2013 - 30%)	21,314	36,595
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign tax loss not recognised	292	164
Sale of Investments	(4,791)	-
Share based payment expense	(190)	131
Impairment expense	-	15,413
Income tax on Petroleum resource rent tax	2,195	453
Non-deductible expenses	158	-
Sundry items	351	(412)
	<u>19,329</u>	<u>52,344</u>
Under/(over) provided in prior year	586	(2,979)
Petroleum resource rent tax benefit	(7,317)	(1,509)
<b>Income tax expense</b>	<u>12,598</u>	<u>47,856</u>
<b>d. Tax expense relating to items of other comprehensive income</b>		
Cash flow hedges (note 27(a))	(12,186)	21,537
Available for sale financial assets (note 27(a))	-	105
	<u>(12,186)</u>	<u>21,642</u>

	2014 \$000	2013 \$000
<b>9. DIVIDENDS - New Hope Corporation Limited</b>		
<b>a. Ordinary dividend paid</b>		
2012 final dividend at 5.00 cents per share - 100% franked at a tax rate of 30% (paid on 6 Nov 2012)	-	41,526
2012 special dividend at 20.00 cents per share - 100% franked at a tax rate of 30% (paid on 6 Nov 2012)	-	166,106
2013 interim dividend at 6.0 cents per share - 100% franked at a tax rate of 30% (paid on 1 May 2013)	-	49,834
2013 final dividend at 5.00 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2013)	41,536	-
2013 special dividend at 5.00 cents per share - 100% franked at a tax rate of 30% (paid on 4 Nov 2013)	41,536	-
2014 interim dividend at 6.00 cents per share - 100% franked at a tax rate of 30% (paid on 5 May 2014)	49,856	-
<b>Total dividends paid</b>	<b>132,928</b>	<b>257,466</b>

**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 and a special dividend of 3.5 cents per fully paid share, (2013 - 5.0 cents per share and 5.0 cents per share respectively). Both dividends are fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 4 November 2014 but not recognised as a liability at year end is \$45,705,000 (2013 - \$83,072,000).

**c. Franked dividends**

The franked portions of the final dividends recommended after 31 July 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2014.

	2014 \$000	2013 \$000
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 - 30%)	515,854	565,512

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for franking debits that will arise from the 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 \$19,588,000 (2013 - \$35,602,000).

**d. Dividend reinvestment plans**

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

	2014 \$000	2013 \$000
<b>10. CURRENT ASSETS - Cash and cash equivalents</b>		
Cash at bank and on hand	57,015	21,564
	<u>57,015</u>	<u>21,564</u>

**a. Cash at bank and on hand**

Cash at bank and on hand includes deposits for which there is a short term identified use in the operating cash flows of the Group, and attracts interest at rates between 0% and 2.65% (2013 - 0% to 2.75%).

**b. Risk exposure**

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

	2014 \$000	2013 \$000
<b>11. CURRENT ASSETS - Receivables</b>		
Trade receivables (a)	29,515	35,801
Other receivables (b)	18,357	16,072
Prepayments	3,558	6,032
	<u>51,430</u>	<u>57,905</u>

**a. Past due but not impaired**

As of 31 July 2014, trade receivables were past due but not impaired was \$nil. These relate to customers who have no recent history of default.

**b. Other receivables**

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

**c. Foreign exchange and interest rate risk**

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

**d. Fair value and credit risk**

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

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

**12. CURRENT ASSETS - Inventories**

Coal stocks at cost	30,160	34,308
Raw materials and stores at cost	26,359	24,365
	<u>56,519</u>	<u>58,673</u>

**a. Inventory expense**

Inventories recognised as an expense during the year ended 31 July 2014 amounted to \$225,616,000 (2013 - \$240,732,000).

Write-downs of inventory to net realisable value recognised as an expense during the year amounted to \$585,000 (2013 - \$nil).

**13. CURRENT ASSETS - Held to maturity investments**

Term Deposits	1,067,241	1,229,608
	<u>1,067,241</u>	<u>1,229,608</u>

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 3.44% (2013 - 4.54%). Due to their short-term nature the carrying value is assumed to approximate fair value. Information about the Group's exposure to credit risk is disclosed in note 2.

**14. CURRENT ASSETS - Other**

Security deposits	271	614
	<u>271</u>	<u>614</u>

**15. NON-CURRENT ASSETS - Receivables**

Prepayments	729	1,244
Other receivables	1,847	1,531
	<u>2,576</u>	<u>2,775</u>

	2014 \$000	2013 \$000
<b>15. NON-CURRENT ASSETS - Receivables (continued)</b>		
<b>a. Interest rate risk</b>		
In both the current and prior year all non-current receivables are non-interest bearing.		
<b>b. Fair value of receivables</b>		
The fair value of receivables approximates their carrying amounts. None of the non-current receivables are impaired or past due but not impaired.		
<b>16. ASSETS - Available for sale and Held for sale financial assets</b>		
<b>a. CURRENT ASSETS - Held for sale financial assets</b>		
Listed securities		
Equity securities	27,183	-
	<u>27,183</u>	<u>-</u>
It is noted that the Held for sale financial assets relate to the reclassification during the year of equity securities held in Dart Energy Limited.		
<b>b. NON-CURRENT ASSETS - Available for sale financial assets</b>		
Listed securities		
Equity securities	2,253	30,212
Unlisted securities		
Equity securities	3	3
	<u>2,256</u>	<u>30,215</u>
There were no impairment expenses on equity securities held during the year (2013 - \$38,091,000).		
<b>17. NON-CURRENT ASSETS - Property, plant and equipment</b>		
Land and buildings - non-mining		
Freehold land at cost	1,049	1,049
Buildings at cost	10,158	8,930
Accumulated depreciation	(1,754)	(1,099)
	8,404	7,831
Leasehold improvements	419	384
Accumulated depreciation	(200)	(80)
	219	304
Total land and buildings - non-mining	<u>9,672</u>	<u>9,184</u>
Land and buildings - held for mining		
Freehold land at cost	141,729	132,766
Buildings at cost	4,680	5,495
Accumulated depreciation	(779)	(997)
	3,901	4,498
Total land and buildings - held for mining	<u>145,630</u>	<u>137,264</u>
Plant and equipment		
Plant and equipment at cost	567,088	551,031
Accumulated depreciation	(295,646)	(251,801)
	<u>271,442</u>	<u>299,230</u>
Motor vehicles		
Motor vehicles at cost	6,392	6,784
Accumulated depreciation	(4,197)	(3,765)
	<u>2,195</u>	<u>3,019</u>

	2014 \$000	2013 \$000
<b>17. NON-CURRENT ASSETS - Property, plant and equipment (continued)</b>		
Mining reserves and leases		
Mining reserves and leases at cost	228,297	230,710
Accumulated amortisation	(8,180)	(7,713)
	<u>220,117</u>	<u>222,997</u>
Mine properties, mine development		
Mine properties, mine development at cost	63,738	59,286
Accumulated amortisation	(50,655)	(47,623)
	<u>13,083</u>	<u>11,663</u>
Oil producing assets		
Oil producing assets at cost	94,113	62,483
Accumulated amortisation	(3,039)	(1,051)
	<u>91,074</u>	<u>61,432</u>
Plant and equipment under construction	31,785	19,248
Total Property, plant and equipment	<u>784,998</u>	<u>764,037</u>
<b>Reconciliations</b>		
Land and buildings - non-mining		
Carrying amount at beginning of year	9,184	9,168
Additions	188	383
Disposals	-	(40)
Depreciation	(431)	(340)
Transfers in/(out)	731	13
Carrying amount at end of year	<u>9,672</u>	<u>9,184</u>
Land and buildings - held for mining		
Carrying amount at beginning of year	137,264	132,516
Additions	9,087	4,946
Disposals	(12)	(165)
Depreciation	(126)	(73)
Transfers in/(out)	(583)	40
Carrying amount at end of year	<u>145,630</u>	<u>137,264</u>
Plant and equipment		
Carrying amount at beginning of year	299,230	261,715
Additions	21,457	22,512
Additions on acquisition of subsidiary	-	1,118
Disposals	(70)	(880)
Depreciation	(50,952)	(39,432)
Transfers in/(out)	1,777	54,197
Carrying amount at end of year	<u>271,442</u>	<u>299,230</u>
Motor vehicles		
Carrying amount at beginning of year	3,019	2,766
Additions	709	-
Disposals	(340)	(160)
Depreciation	(1,214)	(1,284)
Transfers in/(out)	21	1,697
Carrying amount at end of year	<u>2,195</u>	<u>3,019</u>

	2014 \$000	2013 \$000
<b>17. NON-CURRENT ASSETS - Property, plant and equipment (continued)</b>		
<b>Reconciliations (continued)</b>		
Mining reserves and leases		
Carrying amount at beginning of year	222,997	220,918
Additions	-	2,412
Amortisation	(534)	(333)
Transfers in/(out)	(2,346)	-
Carrying amount at end of year	<u>220,117</u>	<u>222,997</u>
Mine properties and mine development		
Carrying amount at beginning of year	11,663	16,363
Additions	2,039	-
Amortisation	(2,965)	(4,700)
Transfers in/(out)	2,346	-
Carrying amount at end of year	<u>13,083</u>	<u>11,663</u>
Oil producing assets		
Carrying amount at beginning of year	61,432	-
Additions	32,429	14,971
Additions on acquisition of subsidiary	-	47,512
Amortisation	(1,988)	(1,051)
Impairment of asset	(900)	-
Transfers in/(out)	101	-
Carrying amount at end of year	<u>91,074</u>	<u>61,432</u>
Plant and equipment under construction		
Carrying amount at beginning of year	19,248	15,756
Additions	16,482	61,575
Transfers in/(out)	(3,945)	(58,083)
Carrying amount at end of year	<u>31,785</u>	<u>19,248</u>
<b>18. NON-CURRENT ASSETS - Exploration and evaluation</b>		
Exploration and evaluation at cost	<u>105,332</u>	<u>77,210</u>
	<u>105,332</u>	<u>77,210</u>
<b>Reconciliation</b>		
Carrying amount at beginning of year	77,210	39,228
Additions	29,769	21,175
Additions on acquisition of subsidiary	-	16,807
Impairment of asset	(3,465)	-
Transfers in/(out)	1,818	-
Carrying amount at end of year	<u>105,332</u>	<u>77,210</u>

	2014 \$000	2013 \$000
<b>19. NON-CURRENT ASSETS - Deferred tax assets</b>		
The balance comprises temporary differences attributed to :		
Amounts recognised in profit and loss		
Accrued expenses	904	916
Employee benefits	8,562	9,634
Mine site rehabilitation provision	15,788	13,545
Arising on Petroleum resource rent tax	2,614	-
Tax losses	9,321	9,563
Other	221	3,096
	<u>37,410</u>	<u>36,754</u>
Amounts recognised directly in equity		
Cash flow hedges	242	12,428
Set-off of deferred tax liabilities pursuant to set-off provisions (note 23)	(37,652)	(49,182)
Net deferred tax assets	<u>-</u>	<u>-</u>
Movements		
Carrying amount at beginning of year	49,182	31,199
Credited/(charged) to the income statement (note 8(b))	656	(1,135)
(Credited)/charged to equity	(12,186)	12,428
Amounts recognised on acquisition of subsidiary	-	6,690
Carrying amount at end of year	<u>37,652</u>	<u>49,182</u>
Deferred tax assets to be recovered after more than 12 months	27,186	44,208
Deferred tax assets to be recovered within 12 months	10,466	4,974
	<u>37,652</u>	<u>49,182</u>
<b>20. NON-CURRENT ASSETS - Intangibles</b>		
Software		
Software at cost (i)	12,853	12,538
Accumulated amortisation	(9,996)	(8,599)
	<u>2,857</u>	<u>3,939</u>
Goodwill		
Goodwill at cost	22,024	22,024
	<u>22,024</u>	<u>22,024</u>
Total Intangibles	<u>24,881</u>	<u>25,963</u>
<b>Reconciliation</b>		
Software (i)		
Carrying amount at beginning of year	3,939	2,932
Additions	463	156
Transfers in/(out)	80	2,136
Amortisation (ii)	(1,625)	(1,285)
Carrying amount at end of year	<u>2,857</u>	<u>3,939</u>

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

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



	2014 \$000	2013 \$000
<b>20. NON-CURRENT ASSETS - Intangibles (continued)</b>		
<b>Reconciliation (continued)</b>		
Goodwill (i)		
Carrying amount at beginning of year	22,024	17,867
Acquisition of subsidiary	-	4,157
Carrying amount at end of year	<u>22,024</u>	<u>22,024</u>

(i) Brought forward goodwill relates to the acquisition of Queensland Bulk Handling Pty Ltd, Northern Energy Corporation Limited (NEC) and Bridgeport Energy Limited.

The recoverable amount of the NEC cash generating units has been based on fair values less cost to sell. This assessment is determined under Level 2 of the fair value hierarchy based on observable external market data for reserve and resource transaction multiples, rather than quoted prices. The transaction multiples observed have included recent transactions only and included similar Australian coal exploration projects, with respect of coal type to the NEC assets.

<b>21. CURRENT LIABILITIES - Accounts payable</b>		
Trade payables and accruals	42,504	46,758
	<u>42,504</u>	<u>46,758</u>

## 22. CURRENT LIABILITIES - Financing Arrangements

### a. Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Total facilities		
Other facilities (i)	100,000	75,000
	<u>100,000</u>	<u>75,000</u>
Used at balance date		
Other facilities	63,936	63,101
	<u>63,936</u>	<u>63,101</u>
Unused at balance date		
Other facilities	36,064	11,899
	<u>36,064</u>	<u>11,899</u>

(i) Other facilities are only in relation to bank guarantees, are unsecured, for no fixed term and bear variable rates.

### b. Guarantees

The parent entity has given unsecured guarantees in respect of:

(i) Mining restoration and rehabilitation	39,054	38,230
The liability has been recognised by the consolidated entity in relation to its rehabilitation obligations. See notes 24, 25 and 1(ab).		
(ii) Statutory body suppliers	24,882	24,871
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.		

## 23. NON-CURRENT LIABILITIES - Deferred tax liabilities

The balance comprises temporary differences attributed to:

Amounts recognised in profit and loss

Other accounts receivable	379	295
Inventories	7,185	5,989
Capitalised exploration	20,216	14,789
Property, plant and equipment	18,574	14,951
Mine reserves	66,028	66,899
Arising on Petroleum resource rent tax	-	4,701
Other	3,307	2,131
	<u>115,689</u>	<u>109,755</u>

Amounts recognised directly in other comprehensive income

Property, plant and equipment	7,160	7,160
	<u>7,160</u>	<u>7,160</u>

Total deferred tax liabilities

	<u>122,849</u>	<u>116,915</u>
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Set-off of deferred tax assets pursuant to set-off provisions (note 19)

	<u>(37,652)</u>	<u>(49,182)</u>
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Net deferred tax liabilities

	<u>85,197</u>	<u>67,733</u>
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### Movements

Carrying amount at beginning of year	116,915	114,116
Charged/(credited) to the income statement (note 8(b))	5,934	3,943
Charged/(credited) to other comprehensive income (note 8(d))	-	(9,215)
Amounts recognised on acquisition of subsidiary	-	8,071
Carrying amount at end of year	<u>122,849</u>	<u>116,915</u>

Deferred tax liabilities to be settled after more than 12 months

	115,092	110,631
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Deferred tax liabilities to be settled within 12 months

	<u>7,757</u>	<u>6,284</u>
	<u>122,849</u>	<u>116,915</u>

## 24. CURRENT LIABILITIES - Provisions

Employee benefits (c)	25,084	25,616
Mining restoration and rehabilitation (note 1(ab))	2,904	6,415
Native title claim	137	117
	<u>28,125</u>	<u>32,148</u>

### a. Mining restoration and rehabilitation

Current	2,904	6,415
Non-current	49,582	42,093
	<u>52,486</u>	<u>48,508</u>

### Movements

Carrying amount at beginning of year	48,508	38,027
Additional provision recognised	4,480	4,726
Charged/(credited) to profit and loss - additional provisions recognised	(2,295)	4,854
Charged to profit and loss - unwinding of discount	1,793	901
Carrying amount at end of year	<u>52,486</u>	<u>48,508</u>



	2014 \$000	2013 \$000
<b>24. CURRENT LIABILITIES - Provisions (continued)</b>		
<b>b. Amounts not expected to be settled within the next 12 months</b>		
Long service leave obligations expected to be settled after 12 months	6,414	6,619
<b>c.</b> The current provision for employee benefits includes accrued annual leave, vested sick leave and long service leave for all unconditional settlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payment in certain circumstances. The entire amount is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.		
<b>25. NON-CURRENT LIABILITIES - Provisions</b>		
Employee benefits	3,310	3,004
Mining restoration and rehabilitation (note 1(ab))	49,582	42,093
Native title claim	10	20
	<u>52,902</u>	<u>45,117</u>

**26. CONTRIBUTED EQUITY****a. Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**b. Rights**

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

	2014 No. of shares	2014 \$000	2013 No. of shares	2013 \$000
<b>c. Share Capital</b>				
Issued and paid up capital	830,933,112	95,119	830,563,352	93,342

**d. Movements in share capital**

Date	Details	Number of Shares	Issue Price	\$000
1 August 2012	Opening Balance	830,411,534		92,509
1 August 2012	Vesting of performance rights	115,281	\$0.0000	-
1 December 2012	Vesting of performance rights	36,537	\$0.0000	-
31 July 2013	Transfer from SBP reserve to Equity (note 27(a))			833
<b>31 July 2013</b>	<b>Balance</b>	<b>830,563,352</b>		<b>93,342</b>
1 August 2013	Vesting of performance rights	151,873	\$0.0000	-
1 December 2013	Vesting of performance rights	52,317	\$0.0000	-
1 January 2014	Vesting of performance rights	52,317	\$0.0000	-
31 January 2014	Vesting of performance rights	113,253	\$0.0000	-
31 July 2014	Transfer from SBP reserve to Equity (note 27(a))			1,777
<b>31 July 2014</b>	<b>Balance</b>	<b>830,933,112</b>		<b>95,119</b>

**26. CONTRIBUTED EQUITY (continued)****e. Capital risk management**

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

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

Note	2014 \$000	2013 \$000
<b>27. RESERVES</b>		
<b>a. Reserves</b>		
Capital profits	1,343	1,343
Available for sale/Held for sale investments revaluation	4,690	644
Property, plant and equipment revaluation	27,412	27,412
Hedging	(565)	(29,000)
Share-based payment	549	1,642
Premium paid on non-controlling interest acquisition	(6,029)	(6,029)
	<u>27,400</u>	<u>(3,988)</u>

**Movements**

Capital profits		
Carrying amount at beginning of year	1,343	1,343
Carrying amount at end of year	<u>1,343</u>	<u>1,343</u>
Available for sale/Held for sale investments revaluation		
Carrying amount at beginning of year	644	5,373
Revaluation - gross	4,046	(4,834)
Revaluation - deferred tax	-	105
Carrying amount at end of year	<u>4,690</u>	<u>644</u>
Property, plant and equipment revaluation		
Carrying amount at beginning of year	27,412	27,412
Carrying amount at end of year	<u>27,412</u>	<u>27,412</u>
Hedging		
Carrying amount at beginning of year	(29,000)	21,255
Transfer to net profit - gross	19,940	(14,901)
Transfer to net profit - deferred tax	(5,982)	4,470
Revaluation - gross	20,681	(56,891)
Revaluation - deferred tax	(6,204)	17,067
Carrying amount at end of year	<u>(565)</u>	<u>(29,000)</u>
Share-based payment		
Carrying amount at beginning of year	1,642	1,216
Share based payment expense	684	1,259
Transfer to contributed equity	(1,777)	(833)
Carrying amount at end of year	<u>549</u>	<u>1,642</u>
Premium paid on non-controlling interest acquisition		
Carrying amount at beginning of year	(6,029)	(6,029)
Carrying amount at end of year	<u>(6,029)</u>	<u>(6,029)</u>

**27. RESERVES (continued)****a. Reserves (continued)***Nature and purpose of reserves***Capital profits**

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

**Available for sale investments revaluation**

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

**Property, plant and equipment revaluation**

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

**Hedging**

The hedging reserve is used to record the gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(o). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

**Share based payment reserve**

The share based payment reserve is used to recognise the fair value of options and rights issued, but not yet exercised.

**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.

	2014 \$000	2013 \$000
<b>b. Retained profits</b>		
Carrying amount at beginning of year	1,925,767	2,109,104
Net profit after income tax	58,450	74,129
Dividends paid (note 9)	(132,928)	(257,466)
Carrying amount at end of year	<u>1,851,289</u>	<u>1,925,767</u>

**28. CONTINGENT LIABILITIES**

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

*Controlled entities*

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

14,832	14,822
--------	--------

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

10,049	10,049
--------	--------

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

**29. COMMITMENTS****a. Capital commitments**

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

**Property plant and equipment**

Within one year

10,014	9,885
--------	-------

Later than one year but not later than five years

-	-
---	---

Later than five years

-	-
---	---

<u>10,014</u>	<u>9,885</u>
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2014	2013
\$000	\$000

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

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

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

Within one year	4,249	3,497
Later than one year but not later than five years	18,554	15,508
Later than five years	48,847	48,012
	<u>71,650</u>	<u>67,017</u>

**30. KEY MANAGEMENT PERSONNEL DISCLOSURES****a. Directors**

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

**Chairman - Non-executive**

Mr R.D. Millner

**Non-executive Directors**

Mr P.R. Robinson

Mr D.J. Fairfull

Mr W.H. Grant

Ms S.J. Palmer

Mr I.M. Williams

**Executive Directors**

Mr R.C. Neale

Chief Executive Officer and Managing Director (retired 31 January 2014)

**b. Other key management personnel**

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

Name	Position	Employer
Mr S.O. Stephan	Chief Executive Officer (promoted 1 February 2014)	New Hope Corporation Limited
Mr B.D. Denney	Chief Operations Officer	New Hope Corporation Limited
Mr M.J. Busch	Chief Financial Officer (promoted 1 February 2014)	New Hope Corporation Limited

2014	2013
\$	\$

**c. Key management personnel compensation**

Short-term employee benefits	5,244,738	5,150,919
Long-term employee benefits	127,342	31,055
Post employment benefits	147,984	140,756
Termination benefit	176,315	-
Share based payment	683,975	1,259,370
	<u>6,380,354</u>	<u>6,582,100</u>

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

**30. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)****d. Other transactions of key management personnel**

Mr R.D. Millner and Mr P.R. Robinson are Directors of New Hope Corporation Limited and Pitt Capital Partners Limited. Pitt Capital Partners Limited acted as financial advisor to the Group for various corporate transactions during the 2014 and 2013 financial years. All transactions are at normal commercial terms.

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

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

	2014	2013
	\$	\$
Legal advice	1,013,354	900,885
Financial advice	409,627	579,871

**e. Loans to key management personnel**

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

**31. RELATED PARTY TRANSACTIONS****a. Parent entities**

The parent entity within the Group is New Hope Corporation Limited. The ultimate Australian parent entity and controlling entity is Washington H. Soul Pattinson and Company Limited (WHSP) which at 31 July 2014 owned 59.66% (2013 - 59.68%) of the issued ordinary shares of New Hope Corporation Limited.

**b. Key management personnel**

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

**c. Transactions with related parties**

	2014	2013
	\$	\$
Other transactions		
Dividends paid to ultimate Australian controlling entity (WHSP)	79,311,427	153,665,890

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

No provision for impairment of receivables has been raised to any outstanding balances. An impairment expense of \$nil (2013 - \$nil) has been recognised in the books of the parent entity in respect of amounts owing from subsidiaries. This has no effect on the Group result.

**e. Terms and conditions**

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

**32. REMUNERATION OF AUDITORS**

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

**a. Audit services**

PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	448,066	355,629
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	1,045	-
<b>Total remuneration for audit services</b>	<u>449,111</u>	<u>355,629</u>

**b. Other services**

PricewaterhouseCoopers Australian firm		
Transaction tax and advisory services	435,664	421,090
General advisory services	56,920	63,397
Tax compliance services	94,907	160,752
Tax compliance services - MRRT	1,500	192,670
Tax compliance services - PRRT	43,354	43,795
Research and development compliance services	223,534	270,348
<b>Total remuneration for other services</b>	<u>855,879</u>	<u>1,152,052</u>

**Total auditors' remuneration**

1,304,990	1,507,681
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2014	2013
\$000	\$000

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

<b>Profit after income tax</b>	58,449	74,128
Depreciation and amortisation	59,835	48,498
Non-cash employee benefit expense - share based payments	684	1,259
Impairment costs of associates	-	13,286
Impairment costs of available for sale assets	-	38,091
Impairment costs of oil producing assets	4,365	-
Net foreign exchange (gain)/loss	1,157	(2,895)
Fair value adjustment on acquisition of subsidiary	-	(4,109)
Net profit on sale of held for sale assets	(17,382)	-
Net profit on sale of non-current assets	(102)	(219)
Investment interest income	(40,905)	(60,594)
Income taxes paid	(29,935)	(42,345)
Income tax expense in accounts	12,598	47,856
Share of losses of associates	-	386
Changes in operating assets and liabilities		
(Increase)/decrease in debtors	10,857	(33,739)
Increase/(decrease) in creditors	(6,143)	750
(Increase)/decrease in other receivables	1,762	(3,385)
(Increase)/decrease in other assets	200	1,406
(Increase)/decrease in inventories	2,154	974
Increase/(decrease) in provisions and employee entitlements	4,244	16,156
(Increase)/decrease in prepayments	2,474	(2,866)
<b>Net cash provided by operating activities</b>	<u>64,312</u>	<u>92,638</u>

	Earnings per share (cents)	
	2014	2013
<b>34. EARNINGS PER SHARE</b>		
a. Basic earnings per share from continuing operations attributable to ordinary equity holders of the Company	7.0	8.9
b. Diluted earnings per share from continuing operations attributable to ordinary equity holders of the Company	7.0	8.9
	Basic and Diluted	
	2014	2013
	\$000	\$000
c. Reconciliation of adjusted profits		
Profit from continuing operations attributable to the ordinary equity	58,450	74,129
	Consolidated	
	2014	2013
d. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares (basic)	830,836,913	830,551,140
Rights	244,641	326,839
Weighted average number of ordinary shares (diluted)	<u>831,081,554</u>	<u>830,877,979</u>
e. Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in note 36.		

**35. DERIVATIVE FINANCIAL INSTRUMENTS****NON-CURRENT ASSETS**

Forward foreign exchange contracts	2,447	-
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**CURRENT LIABILITIES**

Forward foreign exchange contracts	3,255	29,721
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**NON-CURRENT LIABILITIES**

Forward foreign exchange contracts	-	11,707
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**a. Instruments used by the Group**

New Hope Corporation Limited and certain controlled entities are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates. These instruments are used in accordance with the Group's financial risk management policies (refer to note 2).

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

At balance date these contracts represented a liability with a fair value of \$808,000 (2013 - liability with a fair value of \$41,428,000).

At balance date the details of outstanding contracts are:

	Buy Australian Dollars		Average exchange rate	
	2014	2013	2014	2013
	\$000	\$000		
Maturity				
0 to 6 months	93,974	129,884	0.95771	1.00090
6 to 12 months	42,242	121,122	0.92325	0.98250
1 to 2 years	45,954	130,854	0.84867	0.94760
2 to 5 years	-	45,955	-	0.84870
	<u>182,170</u>	<u>427,815</u>		

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

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date \$182,170,000 (2013 - \$427,815,000) was receivable (AUD equivalents).

**36. SHARE-BASED PAYMENTS**

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

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in the company following the satisfaction of the relevant service conditions. Service conditions applicable to each issue of rights are determined by the board at the time of grant. Total expense arising from rights issued under the employee performance share rights plan during the financial year was \$684,000 (2013 - \$1,259,000).

*Rights*

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

	2014		2013	
	Average price per share	Number of rights	Average price per share	Number of rights
As at 1 August	\$4.774	518,202	\$5.587	389,751
Granted during the year	-	-	\$4.030	280,269
Exercised during the year	\$4.806	(369,760)	\$5.489	(151,818)
As at 31 July	\$4.694	<u>148,442</u>	\$4.774	<u>518,202</u>

The weighted average share price at the date of exercise of rights vested during the 2014 year was \$3.56 (2013 - \$4.02).

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	
			2014	2013
27 Oct 2011	1 Aug 2013	\$5.170	-	64,059
27 Oct 2011	1 Aug 2014	\$5.170	15,060	39,458
17 Dec 2011	1 Aug 2013	\$6.020	-	56,984
17 Dec 2011	1 Aug 2014	\$6.020	20,447	56,985
17 Dec 2011	1 Aug 2015	\$6.020	20,447	20,447
17 Dec 2012	1 Aug 2013	\$4.030	-	30,830
17 Dec 2012	1 Aug 2014	\$4.030	30,830	30,830
17 Dec 2012	1 Aug 2015	\$4.030	30,830	30,830
17 Dec 2012	1 Aug 2016	\$4.030	30,828	30,828
15 Nov 2013	1 Dec 2013	\$4.030	-	52,317
15 Nov 2013	1 Jan 2014	\$4.030	-	52,317
15 Nov 2013	1 Jan 2015	\$4.030	-	52,317
Total			<u>148,442</u>	<u>518,202</u>

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

0.8 years      0.9 years



	2014 \$000	2013 \$000
<b>37. INVESTMENTS IN ASSOCIATES</b>		
<b>a. Movements in carrying amounts</b>		
Carrying amount at the beginning of the financial year	-	32,530
Additions	-	49,615
Share of loss after income tax	-	(386)
Impairment	-	(13,286)
Transfer due to business combination	-	(68,473)
Carrying amount at the end of the financial year	<u>-</u>	<u>-</u>

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

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

**b. Yamala Joint Venture**

In March 2007, a subsidiary of New Hope Corporation Limited entered into a joint venture in relation to its Yamala (EPC927) project on the following terms: An external company will earn a 30% Joint Venture interest in the Yamala project (EPC927) through sole funding a three-stage \$5.80 million exploration and evaluation programme designed to take the project from its current status as an exploration target to completion of a bankable feasibility study for establishment of a mine within the tenement. On completion of the funding of the \$5.80 million farm-in, the external company will have the option to acquire a further 19% joint venture interest for \$6.65 million. As at 31 July 2014, the concept study for the establishment of a mine within the tenement had been completed along with the funding of the \$5.80 million farm-in and the external company had earned a 30% interest in the project. The external company is currently reviewing the option to acquire a further 19% interest in the joint venture. At 31 July 2014, \$nil is carried as exploration expenditure in relation to EPC927.

**c. Utopia Joint Venture**

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

**d. Cuisinier Joint Venture**

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

	2014 \$000	2013 \$000
<b>39. PARENT ENTITY FINANCIAL INFORMATION</b>		
<b>a. Summary financial information</b>		
The individual financial statements for the parent entity show the following aggregate amounts:		
<b>Balance Sheet</b>		
Current assets	2,097,438	1,988,175
Non-current assets	55,820	51,848
Total assets	<u>2,153,258</u>	<u>2,040,023</u>
Current liabilities	718,273	520,899
Non-current liabilities	989	938
Total liabilities	<u>719,262</u>	<u>521,837</u>
<i>Shareholders' equity</i>		
Issued capital	95,119	93,342
Reserves		
Share-based payment	549	1,642
Retained earnings	1,338,328	1,423,202
	<u>1,433,996</u>	<u>1,518,186</u>
<b>Profit for the year</b>	<u>48,054</u>	<u>33,078</u>
<b>Total comprehensive income</b>	<u>48,054</u>	<u>33,078</u>
<b>b. Guarantees entered into by parent entity</b>		
Bank guarantees issued in relation to rehabilitation and utility obligations	39,054	38,230
	<u>39,054</u>	<u>38,230</u>

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

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

**c. Contingent liabilities of the parent entity**

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

	2014 \$000	2013 \$000
<i>Controlled entities</i>		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	14,832	14,822

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

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

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

As at 31 July 2014, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$3,000 (2013 - \$95,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

**40. DEED OF CROSS GUARANTEE**

During 2012, a number of entities within the Group entered into a deed of cross guarantee. New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral Co. Pty Ltd, New Oakleigh Coal Pty Ltd, New Acland Coal Pty Ltd, New Lenton Coal Pty Ltd, Andrew Wright Holdings Pty Ltd, Arkdale Pty Ltd and Queensland Bulk Handling Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

**a. Consolidated statement of comprehensive income**

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

Set out below is the consolidated statement of comprehensive income for the year ended 31 July 2014 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.

	2014 \$000	2013 \$000
Revenue from continuing operations	548,695	610,852
Other income	114	-
	<u>548,809</u>	<u>610,852</u>
Expenses		
Cost of sales	(340,235)	(282,870)
Marketing and transportation	(134,743)	(139,314)
Administration	(12,208)	(13,287)
Other expenses	-	-
<b>Profit before income tax</b>	<b>61,623</b>	<b>175,381</b>
Income tax expense	(19,338)	(52,015)
<b>Profit after income tax for the year</b>	<b>42,285</b>	<b>123,366</b>
<b>Other comprehensive income</b>		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	14,477	(39,824)
Transfer to profit and loss for cash flow hedges, net of tax	13,958	(10,431)
Other comprehensive income for the year, net of tax	28,435	(50,255)
<b>Total comprehensive income for the year</b>	<b>70,720</b>	<b>73,111</b>

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

Set out below is a consolidated balance sheet as at 31 July 2014 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.

	2014 \$000	2013 \$000
<b>Current assets</b>		
Cash and cash equivalents	50,244	18,746
Trade and other receivables	355,031	331,158
Inventories	56,393	58,604
Held to maturity investments	1,066,922	1,228,995
Other	62	106
<b>Total current assets</b>	<b>1,528,652</b>	<b>1,637,609</b>
<b>Non-current assets</b>		
Receivables	2,576	2,775
Other financial assets	248,183	248,183
Derivative financial instruments	2,447	-
Property, plant and equipment	381,994	405,809
Exploration and evaluation assets	40,540	29,295
Deferred tax assets	32,351	38,752
Intangible assets	8,204	9,411
<b>Total non-current assets</b>	<b>716,295</b>	<b>734,225</b>
<b>Total assets</b>	<b>2,244,947</b>	<b>2,371,834</b>
<b>Current liabilities</b>		
Trade and other payables	108,169	123,102
Current tax liabilities	40,641	54,258
Provisions	26,733	28,434
Derivative financial instruments	3,255	29,721
<b>Total current liabilities</b>	<b>178,798</b>	<b>235,515</b>
<b>Non-current liabilities</b>		
Provisions	44,916	41,853
Derivative financial instruments	-	11,707
<b>Total non-current liabilities</b>	<b>44,916</b>	<b>53,560</b>
<b>Total liabilities</b>	<b>223,714</b>	<b>289,075</b>
<b>Net assets</b>	<b>2,021,233</b>	<b>2,082,759</b>
<b>Equity</b>		
Contributed equity	91,023	89,246
Reserves	36,453	9,112
Retained earnings	1,893,757	1,984,401
<b>Total equity</b>	<b>2,021,233</b>	<b>2,082,759</b>

**41. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 9 May 2014, an acquisition of Dart Energy Limited was initiated by IGas Energy Plc via an Australian Scheme of Arrangement on a share exchange basis. Prior to 31 July 2014, FIRB approval had been obtained and the scheme booklet released. Subsequent to 31 July 2014, a shareholder vote of IGas Energy Plc shareholders and Dart Energy Limited shareholders has been undertaken in respect of approving this Scheme of Arrangement at which the relevant voting thresholds were met for each. The disposal of the shares held by the Group in Dart Energy Limited remains subject to final administrative approvals of the Scheme of Arrangement.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- a. the financial statements and notes set out on pages 31 to 75 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 2014 and of their performance, for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts, as and when they become due and payable; and

Note 1(a) confirms that the financial statements also comply with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

R.D. Millner  
Director

S.J. Palmer  
Director

Sydney  
22 September 2014



## 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 (the company), which comprises the consolidated balance sheet as at 31 July 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for New Hope Corporation Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

### *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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with *Accounting Standard AASB 101 Presentation of Financial Statements*, that the 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 consolidated entity's preparation and fair presentation of the financial report 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 entity'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.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**PricewaterhouseCoopers, ABN 52 780 433 757**

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### Auditor's 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

### Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 22 of the directors' report for the year ended 31 July 2014. 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.

### Auditor's opinion

In our opinion, the remuneration report of New Hope Corporation Limited for the year ended 31 July 2014, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Simon Neill  
Partner

Sydney  
22 September 2014

## SHAREHOLDER INFORMATION AS AT 19 SEPTEMBER 2014

As at 19 September 2014 there were 8,566 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	2,140	1,103,103	-	-
1,001 - 5,000	3,264	9,611,702	-	-
5,001 - 10,000	1,933	13,703,590	-	-
10,001 - 100,000	1,142	27,742,634	3	82,105
100,001 and over	87	778,838,420	-	-
	<b>8,566</b>	<b>830,999,449</b>	<b>3</b>	<b>82,105</b>
Holding less than a marketable parcel	502	36,982		

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	76,051,988	9.15%

20 largest shareholders as disclosed on the share register as at 19 September 2014

1	Washington H Soul Pattinson And Company Limited	495,696,418	59.65%
2	Mitsubishi Materials Corporation	93,240,000	11.22%
3	J P Morgan Nominees Australia Limited	31,695,082	3.81%
4	RBC Investor Services Australia Nominees Pty Limited (Pi Pooled A/C)	23,440,585	2.82%
5	Domer Mining Co Pty Limited	17,844,960	2.15%
6	Farjoy Pty Ltd	15,500,000	1.87%
7	BKI Investment Company Limited	14,810,452	1.78%
8	HSBC Custody Nominees (Australia) Limited	14,798,194	1.78%
9	Ubs Nominees Pty Ltd	13,534,998	1.63%
10	Citicorp Nominees Pty Limited	8,564,891	1.03%
11	National Nominees Limited	8,329,608	1.00%
12	Taiheiyo Kouhatsu Inc	4,054,000	0.49%
13	BNP Paribas Noms Pty Ltd (Drp)	2,560,299	0.31%
14	BNP Paribas Nominees Pty Ltd (Agency Lending Drp A/C)	2,538,367	0.31%
15	Robert Charles Neale	2,185,659	0.26%
16	RBC Investor Services Australia Nominees Pty Limited (PIIC A/C)	2,128,650	0.26%
17	J S Millner Holdings Pty Limited	2,009,197	0.24%
18	RBC Investor Services Australia Nominees Pty Ltd (Piselect A/C)	1,587,330	0.19%
19	Milton Corporation Limited	1,290,107	0.16%
20	Dixson Trust Pty Limited	1,225,596	0.15%
		<b>757,034,393</b>	<b>91.11%</b>

Unquoted equity securities

Rights issued under the New Hope Corporation Limited Employee Performance Rights Share Plan to take up ordinary shares

Number on issue	Number of holders
82,105	3







**NEW HOPE  
GROUP**

ABN: 38 010 653 844