

# 2021 NOTICE OF *Annual General Meeting*



## NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

Dear Shareholder,

The Board of Directors of New Hope Corporation Limited cordially extends an invitation to join your Company's Annual General Meeting (**AGM**) on Thursday, 18 November 2021 at 12 noon (Brisbane time). Registration will open from 11:30am (Brisbane time).

Due to Government restrictions, and the ongoing uncertainty caused by the COVID-19 pandemic, this year, your Company will hold a virtual meeting. The online platform will enable Shareholders to view the meeting, ask questions in relation to the business of the meeting and vote in real time. While you will be able to vote online during the AGM, you are encouraged to lodge a vote by proxy ahead of the meeting.

This year's Board-endorsed resolutions include the adoption of the Remuneration Report; the re-election of two Non-Executive Directors – Mr Todd Barlow and Mr Thomas Millner (backgrounds summarised in the Explanatory Memorandum); and, the ratification of the Company's AUD200 million Convertible Note issue.

A copy of the Company's 2021 Annual Report (including the financial report, Directors' Report, and Auditor's Report for the financial year ended 31 July 2021) is accessible on the Company's website at the following address:

[www.newhopegroup.com.au/investor-centre](http://www.newhopegroup.com.au/investor-centre).

In line with the Corporations Act 2001 (Cth) (**Corporations Act**), a printed copy of the 2021 Annual Report has been sent only to those Shareholders who have elected to receive a copy.

I look forward to engaging with Shareholders at the AGM and hope you will participate via the online platform.

Yours sincerely,

**Mr Robert Millner**

Chairman, New Hope Corporation Limited

**Notice is given that the Annual General Meeting of the members (Shareholders) of New Hope Corporation Limited (Company or NHC) will be held on Thursday, 18 November 2021 at 12 noon (Brisbane time) as a virtual meeting.**

### Meeting Participation

Shareholders can join by visiting: [web.lumiagm.com/323922395](http://web.lumiagm.com/323922395) on a smartphone, tablet or computer. Secure access information (such as your SRN / HIN) sent to Shareholders by the Company's share registry will be required to gain access. For further instructions please view the online meeting user guide available at: [www.computershare.com.au/onlinemeetingguide](http://www.computershare.com.au/onlinemeetingguide)

### Explanatory Memorandum

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered. Please ensure you read the Explanatory Memorandum in full.

**If you require any assistance, please contact the Share Registry by phone on:**

- 1300 850 505 (within Australia); or
- +61 3 9415 4000 (outside Australia).

## ITEMS OF BUSINESS

### ORDINARY BUSINESS

#### 1. Financial Statements and Reports

To receive and consider the Financial Report of New Hope Corporation Limited and its Controlled Entities, the Directors' Report and the Auditor's Report, in respect of the year ended 31 July 2021.

#### 2. Adoption of Remuneration Report

##### **Resolution 1**

To consider and, if thought fit, to pass the following resolution under section 250R(2) of Corporations Act as an ordinary resolution:

*That the Remuneration Report for the financial year ended 31 July 2021 as set out in the Directors' Report be adopted.*

### 3. Re-election of Director - Mr Todd Barlow

#### Resolution 2

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

That, **Mr Todd Barlow**, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

### 4. Re-election of Director - Mr Thomas Millner

#### Resolution 3

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

That, **Mr Thomas Millner**, who retires in rotation 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. Ratification of Prior Issue of Convertible Notes

#### Resolution 4

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

That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of convertible notes having an aggregate face value of AUD200 million on the terms and conditions set out in the Explanatory Memorandum.

**Resolutions 5 and 6 have been requisitioned by 119 Shareholders holding approximately 0.006% of the shares on issue in the Company under section 249N of the Corporations Act.**

### 6. Amendment to the Constitution

#### Resolution 5

To consider and, if thought fit, to pass the following resolution as a special resolution:

To amend the constitution to insert beneath Clause 15 'General meetings' the following new sub-clause: "The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. However, such a resolution must relate to a material risk as identified by the Company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company."

**The Board unanimously recommends that Shareholders vote AGAINST Resolution 5.**

### 7. Capital Protection

#### Resolution 6

Subject to and conditional on Resolution 5 being passed by the required majority, to consider and if thought fit, to pass the following as an ordinary resolution:

Shareholders request the Company disclose, in subsequent annual reporting, information that demonstrates how the Company's capital expenditure and operations pertaining to its coal assets will be managed in a manner consistent with a scenario in which global energy emissions reach net zero by 2050.

This information should include:

- Details of how the Company's capital expenditure will facilitate the efficient managing down of coal operations and assets;
- Production guidance for the lifetime of coal assets;
- Plans and capital expenditure requirements for decommissioning and rehabilitating coal asset sites at the end of their lifetimes;
- Plans for how employees of the Company will be informed of asset closures, and employee transition plans, including any compensation for job losses, training and support in seeking future employment; and
- Details of how Company's remaining capital will be redeployed, or returned to investors.

**The Board unanimously recommends that Shareholders vote AGAINST Resolution 6.**

**The Chairman of the meeting intends to vote undirected proxies against Resolutions 5 and 6.**

#### By order of the Board

Mr Robert Bishop  
Company Secretary  
15 October 2021

# NOTES

## Voting Entitlements

The Company has determined under regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that for the purpose of voting at the meeting or any adjourned meeting, securities are taken to be held by those persons recorded in the Company's register as at 6:00pm (Brisbane time) on Tuesday, 16 November 2021.

## Proxy Appointment

Shareholders who are entitled to attend and vote at the meeting are entitled to appoint a proxy. A proxy need not be a Shareholder of the Company.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

## Proxy Lodgement

If you wish to appoint a proxy, you can do so, online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information; or by using your mobile device to scan the personalised QR Code on your proxy form; or by completing a proxy form sent to you (or available from Computershare) and lodging it in one of the following ways:

**By Mail to:** Computershare Investor Services P/L  
GPO Box 242  
Melbourne VIC 3001, Australia  
or

**By Fax to:** 1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia

A proxy form (and any Power of Attorney under which it is signed) must be received no later than 12:00 noon (Brisbane time) Tuesday, 16 November 2021 (being 48 hours before the commencement of the meeting). Any proxy form received after that time will not be valid for the scheduled meeting.

## Voting by Attorney

Any Shareholder entitled to attend and vote may appoint an attorney to act on its behalf at the meeting. An attorney may not vote at the meeting unless a certified copy of the Power of Attorney is received by the Company by the time and in the manner specified for proxy appointments.

## Corporate Representative

A representative of a corporate Shareholder or proxy will need to provide an 'Appointment of Corporate Representative' form to participate in the meeting (available from Computershare or online at [investorcentre.com/au](http://investorcentre.com/au) under 'Printable Forms' then 'Corporate Forms').

## Questions from Shareholders

The Chairman of the meeting will allow a reasonable opportunity for Shareholders as a whole 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.

The online meeting platform has a facility for verified Shareholders to ask questions during the meeting.

Shareholders entitled to vote at the meeting are encouraged to lodge their questions for the Company or the Auditor (in relation to the content of the Auditor's report or the conduct of the audit) prior to the meeting where possible. To do so, please send your question to the Company Secretary no later than 5:00pm (Brisbane Time) on Thursday, 11 November 2021 to the following address (and including your full name, the registered Shareholder's name and your contact details):

The Company Secretary  
New Hope Corporation Limited  
GPO Box 2440  
BRISBANE QLD 4001

or by email to: [cosec@newhopegroup.com.au](mailto:cosec@newhopegroup.com.au)

It may not be possible to respond to all questions during the meeting. Individual responses to written questions will not be sent to Shareholders. The Company will endeavour to address as many of the frequently raised topics as possible during the meeting.

## Technical Difficulties

Technical difficulties may arise during the course of the virtual meeting. The Chairman of the meeting has discretion as to whether and how the AGM should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, he may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to appoint a proxy and submit a directed proxy, even if they plan to attend the meeting online. Similarly, if a Shareholder is unable to participate in the virtual meeting or will not have access to a device or the internet, they are encouraged to appoint a proxy and submit a directed proxy.

## EXPLANATORY MEMORANDUM

**The purpose of the Explanatory Memorandum (which is included in and forms part of the Notice of Meeting) is to provide Shareholders with an explanation of the AGM business and resolutions to be considered as well as assisting Shareholders to determine how they wish to vote on each resolution.**

**The AGM of the Company will be held as a virtual meeting on Thursday, 18 November 2021 at 12 noon (Brisbane Time).**

### Financial Statements and Reports

The Financial Report, Directors' Report and Auditor's Report are available in the Company's Annual Report. This item does not require voting by Shareholders.

It is intended to provide a reasonable opportunity for Shareholders to raise questions and make comments on these reports and ask questions on the management of the Company.

The Company's Auditor (Deloitte Touche Tohmatsu) will be available at the meeting to answer questions. Shareholders may address written questions to the Auditor before the meeting (refer to Notes).

The Auditor is not obliged to provide written answers.

### Resolution 1

#### Remuneration Report

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.

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

Shareholders will have a reasonable opportunity at the meeting to submit questions about, or make comments on, the Remuneration Report.

#### Voting Exclusion Statement

The Company will disregard votes cast on Resolution 1:

- a) by or on behalf of any member of the Key Management Personnel whose remuneration details are included in the Remuneration Report for the year ended 31 July 2021, or a Closely Related Party of such a member (regardless of the capacity in which the vote is cast); or
- b) as a proxy by a member of the Company's Key Management Personnel at the date of the meeting or a Closely Related Party of such a member,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 1:

- c) in accordance with a direction on the proxy form; or
- d) by the Chairman of the meeting pursuant to an express authorisation in the proxy form to vote as the proxy decides, even though the resolution is connected with the remuneration of the Key Management Personnel.

**Key Management Personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or not).

**Closely Related Party** of a member of Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a Company that the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth).

**Recommendation:** The Directors recommend you vote **FOR** Resolution 1.

### Resolutions 2 and 3

Resolutions 2 and 3 relate to the re-election of Mr Todd Barlow and Mr Thomas Millner as Directors of the Company.

In accordance with Rule 20.2 of the Company's Constitution, at every general meeting of the Company, one third of the Directors must retire from office. If the number of Directors is not a multiple of three, the number of Directors nearest to, one third of the Directors must retire from office. Under this Rule, Mr Barlow and Mr Millner retire by rotation.

Set out below are biographical details of Mr Barlow and Mr Millner together with the recommendations of the Board.

### Resolution 2

#### Re-election of Director - Mr Todd Barlow

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

Mr Barlow joined the Board of New Hope Corporation Limited on 22 April 2015. He has been the Managing Director of Washington H. Soul Pattinson and Company Limited (WHSP) since 2015 after joining as Chief Executive Officer in 2014. He was previously the Managing Director of Pitt Capital Partners Limited for five years.

Mr Barlow has extensive experience in mergers and acquisitions, equity capital markets and investing and has been responsible for a number of WHSP's investments since joining the WHSP Group in 2004. His career has spanned positions in law and investment banking in Sydney and Hong Kong. Mr Barlow has a Bachelor of Business and Bachelor of Laws (Honours) from the University of Technology, Sydney.

**Recommendation:** For the reasons above, the Directors with **Mr Barlow** abstaining recommend you vote **FOR** Resolution 2.



### Resolution 3

#### Re-election of Director - Mr Thomas Millner

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

Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015. He is Director and Co Portfolio Manager of Contact Asset Management. He is also a non-executive Director of Washington H. Soul Pattinson and Company Limited (WHSP).

Mr Millner has extensive experience within the financial services industry, including 19 years in active portfolio management and over 10 years as a Director of Australian publicly listed companies. Mr Millner has a Bachelor of Industrial Design degree and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

**Recommendation:** For the reasons above, the Directors with Mr Millner abstaining recommend you vote **FOR** Resolution 3.

### Resolution 4

#### Ratification of Prior Issue of Convertible Notes

##### Background

On 24 June 2021, the Company announced that it had launched an offering of AUD150 million convertible notes due 2026 with the ability to upsize the offering by up to AUD50 million (Convertible Notes). On 25 June 2021, the Company announced that it had successfully priced AUD200 million of Convertible Notes which were subsequently issued on 2 July 2021.

The Convertible Notes have a coupon of 2.75% per annum and are convertible into Shares in the Company at an initial conversion price of AUD2.10.

The net proceeds of the Convertible Note issue are being used for general corporate purposes, which may include use for further growth expansion and opportunistic merger and acquisition (M&A) activity.

##### Why is Shareholder approval being sought?

The Convertible Notes were issued by the Company under the Company's 15% annual securities issuing limit set out in ASX Listing Rule 7.1.

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of Equity Securities (which includes shares, options over unissued shares, rights to shares and convertible notes) that a listed Company may issue, or agree to issue, without shareholder approval in any 12 month period to 15% of the Company's issued ordinary shares. However, ASX Listing Rule 7.4 provides that where a listed Company in general meeting subsequently approves a prior issue of securities and that prior issue did not breach

ASX Listing Rule 7.1, those securities will be treated as having been made with shareholder approval for the purpose of ASX Listing 7.1.

The Company is seeking Shareholder approval for the Convertible Note issue for the purposes of ASX Listing Rule 7.4 to enable the Company to retain the flexibility to issue new equity securities following the meeting and up to the 15% limit in ASX Listing Rule 7.1, without the need to seek shareholder approval.

The flexibility sought from Shareholders under this resolution is intended to assist the Company to be able to react quickly to opportunities and requirements to ensure that it continues to maintain a strong balance sheet and otherwise remains in the best possible position to deliver value for Shareholders.

If Resolution 4 is passed by Shareholders, the issue of the Convertible Notes will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

If Resolution 4 is not passed by Shareholders, the Convertible Notes will be included in calculating the Company's 15% limit under ASX Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the issue date of the Convertible Notes.

##### Specific Information required by ASX Listing Rule 7.5

In addition to the above information, in accordance with ASX Listing Rule 7.5, the following information is provided for Shareholders:

1. (Names of the persons to whom the Company issued the Convertible Notes or the basis upon which those persons were identified or selected) The Convertible Notes were issued to eligible investors identified by Jefferies (Australia) Pty Ltd, acting as sole manager to the Convertible Notes offer.
2. (The number and class of securities issued) 1,000 Convertible Notes each with a face value of AUD200,000 due 2026. Each Convertible Note is convertible into shares at an initial conversion price of AUD2.10 per share, subject to adjustment in the manner set out in the terms and conditions of the Convertible Notes.
3. (Date of issue) The Convertible Notes were issued on 2 July 2021.
4. (Issue price or other consideration the Company has received for the issue each Convertible Note) The issue price of each Convertible Note was AUD200,000.
5. (The purpose of issue) The net proceeds of the Convertible Notes are being used for general corporate purposes, which may include use for further growth expansion and opportunistic M&A activity.

## 6. (The material terms of the Convertible Notes)

The material terms of the Convertible Notes are:

- a) coupon: 2.75% per annum, payable on a semi-annual basis;
- b) conversion period: convertible at any time on or after 12 August 2021 until 5 business days prior to the final maturity date of 2 July 2026;
- c) investor put option: on or about 2 July 2024;
- d) final maturity date: 2 July 2026;
- e) conversion price: the initial conversion price of the Convertible Notes is AUD2.10 per Share. If all Convertible Notes are converted the Company will be obliged to issue a maximum of 95,238,095 Shares in ordinary circumstances, and a maximum of 118,512,720 if the Convertible Notes are converted on a change of control;
- f) conversion price adjustments: the conversion price is adjustable on the occurrence of certain standard dilutive events including an adjustment for all dividends paid by the Company and upon a change of control;
- g) status: the Convertible Notes are direct, unsubordinated, unconditional and unsecured. The payment obligations of the Company under the Convertible Notes rank equally with all other existing and future unsecured and unsubordinated obligations (save for such obligations that may be preferred by provisions of law that are mandatory and of general application);
- h) redemption: unless previously redeemed, purchased or cancelled, the Convertible Notes will be redeemed at their principal amount, together with any accrued but unpaid interest on the final maturity date (2 July 2026); and
- i) listing: the convertible Notes are listed on the Singapore Exchange Securities Trading Limited.
- j) The terms and conditions of the Convertible Notes are contained in the 'Cleansing Notice and Offering Circular' released by the Company to ASX on 30 June 2021 and can be viewed on ASX's website at: <https://www2.asx.com.au/markets/company/web>

### Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of persons who participated in the issue or is a counterparty to the agreement being approved of the Convertible Notes; or any associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided that:
  - the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

**Recommendation:** The Directors recommend you vote **FOR** Resolution 4.

## Resolutions 5 and 6

A small number of Shareholders (119) holding approximately 0.006% of the shares on issue in the Company have proposed Resolutions 5 and 6 under section 249N of the Corporations Act. These Shareholders have also requested pursuant to section 249P of the Corporations Act that the statements set out below be provided to Shareholders.

Whilst the Board recognises the right of Shareholders to requisition resolutions, the Board does not recommend you vote in favour of these resolutions as the Board considers they are neither necessary nor in the best interests of the Company and its Shareholders.

The Company acknowledges the importance of providing transparency to our Shareholders and other key stakeholders regarding our approach to identifying and managing climate-related risks and opportunities, and our resulting financial and operating resilience. Our approach to disclosure has taken Task Force on Climate-related Financial Disclosures (TCFD) recommendations into consideration. Please refer to our upcoming Sustainability Report 2021 for additional details.

**Recommendation:** The Directors recommend you vote **AGAINST** Resolution 5 and 6.

## Resolution 5 Amendment to Constitution

*The Company is legally required to circulate the below statement regarding Resolution 5 to Shareholders. However, the Board does not endorse and is not responsible for the contents of the following statement or for any inaccurate or misleading statements contained in it.*

### Supporting Statement

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. For example, in the UK Shareholders can consider resolutions seeking to explicitly direct the conduct of the Board. In the US, New Zealand and Canada Shareholders can consider resolutions seeking to advise their Board as to how it should act. Typically, unless the Board permits it, Australian Shareholders cannot follow the example of their UK, US, New Zealand or Canadian counterparts in this respect.

A Board of Directors is a steward for Shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In some situations the appropriate course of action for Shareholders dissatisfied with the conduct of Board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow Shareholders the opportunity at Shareholder meetings such as the AGM to alert Board members that the

Shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of NHC is not conducive to the right of Shareholders to place resolutions on the agenda of a Shareholder meeting.

In our view, this is contrary to the long-term interests of NHC, the NHC Board and all NHC Shareholders.

Passage of this resolution - to amend the NHC constitution - will simply put NHC in a similar position in regard to Shareholder resolutions as any listed Company in the UK, US, Canada or New Zealand.

We encourage Shareholders to vote in favour of this resolution.

## **[END OF SECTION 249P STATEMENT]**

### **Resolution 6 Capital Protection**

*The Company is legally required to circulate the below statement regarding Resolution 6 to Shareholders. However, the Board does not endorse and is not responsible for the contents of the following statement or for any inaccurate or misleading statements contained in it.*

#### **Supporting Statement**

Recognising the unacceptable financial risks posed by global warming, investors with more than US\$43 trillion in assets under management have committed to the goal of net zero greenhouse gas emissions by 2050 or sooner.<sup>1</sup>

The rapid transition required to meet this goal presents existential financial risks for our Company. The International Energy Agency's (IEA) seminal Net Zero by 2050 (NZE2050) scenario highlights these risks, projecting steeply declining coal demand over the next three decades.<sup>2</sup>

The likelihood of these risks materialising is rapidly increasing, with countries representing over 50% of the global economy - including the majority of NHC's current markets - having already committed to net zero emissions by 2050.<sup>3</sup>

This resolution is in the best interests of Shareholders and the Company, as it requests NHC to explain how its capital expenditure and operations will be managed

in a way that minimises stranded asset risk as the world moves to meet its climate commitments.

#### Markets Disappearing

To justify its business plans, NHC refers to coal demand scenarios consistent with 3°C to 6°C of global warming,<sup>4</sup> and the failure of the Paris Agreement. This stands in stark contrast to the outcome of achieving net-zero emissions by 2050.

NZE2050 models total global coal supply falling by almost 90% - from 154EJ in 2020, to just 17EJ in 2050.<sup>5</sup> Under NZE2050:<sup>6</sup>

- No new unabated coal plants are approved for development.
- No new coal mines or extensions proceed.
- Unabated coal-fired power generation is phased out in advanced economies by 2030 and globally by 2040.

National net zero commitments indicate NHCs current major export markets are set to rapidly shrink. Representing over 40% of NHCs FY20 revenue,<sup>7</sup> Japan has announced plans to achieve net zero emissions by 2050,<sup>8</sup> China (12% of FY20 revenue) plans to achieve net zero emissions by 2060,<sup>9</sup> and Taiwan (7% of FY20 revenue) has also signalled a shift in this direction.<sup>10</sup>

Meanwhile, coal companies' access to capital is increasingly being constrained by insurers, banks, and other investors as they strive to align policies and practices with global climate goals.<sup>11</sup>

#### Unrealistic Growth Predictions

NHC predicts future demand to be underpinned by coal-fired power generation across Asia.<sup>12</sup> However, developments in these markets demonstrate this expectation is unrealistic.

Renewable energy is already cheaper than new coal-fired power generation across Asia and most of the world.<sup>13</sup> In India, China and South Korea, it is also cheaper to produce power from new renewable energy power plants than existing coal-fired power plants and this milestone is predicted to be achieved in Japan and ASEAN countries by 2022 and 2024 respectively.<sup>14</sup>

The pipeline of proposed coal power capacity in Southeast Asia halved from 2015 to 2019, while construction starts fell 85% from 2016 to 2019.<sup>15</sup>

<sup>1</sup> <https://www.netzeroassetmanagers.org/>

<sup>2</sup> <https://www.iea.org/reports/net-zero-by-2050>

<sup>3</sup> <https://unfccc.int/climate-action/race-to-zero-campaign>

<sup>4</sup> [https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Sustainability-Report\\_2020.pdf](https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Sustainability-Report_2020.pdf), 23

<sup>5</sup> <https://www.iea.org/reports/net-zero-by-2050>, 195

<sup>6</sup> *Ibid* 20

<sup>7</sup> [https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report\\_2020.pdf](https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report_2020.pdf), 65

<sup>8</sup> <https://www.reuters.com/article/japan-politics-suga-idUSL4N2HE2HS>; <https://www.reuters.com/article/us-southkoraenvironment-greenewdeal-idUSKBN27D1DU>

<sup>9</sup> <https://www.reuters.com/article/us-china-climate-idUSKBN27X287>

<sup>10</sup> <https://www.reuters.com/business/environment/taiwan-begins-plan-zero-emissions-by-2050-2021-04-22/>

<sup>11</sup> <https://ieefa.org/finance-exiting-coal/>

<sup>12</sup> [https://dq4q35go95sg8.cloudfront.net/wpcontent/uploads/NHG-Annual-Report\\_2020.pdf](https://dq4q35go95sg8.cloudfront.net/wpcontent/uploads/NHG-Annual-Report_2020.pdf), 4-5

<sup>13</sup> <https://carbontracker.org/reports/do-not-revive-coal/>

<sup>14</sup> *Ibid*

<sup>15</sup> [https://endcoal.org/wpcontent/uploads/2020/03/BoomAndBust\\_2020\\_English.pdf](https://endcoal.org/wpcontent/uploads/2020/03/BoomAndBust_2020_English.pdf)

Global coal plant capacity additions halved between 2015 and 2020, with a steeper decline in the first half of 2021.<sup>16</sup>

Japan is planning to close around 100 of its 140 coal-fired power plants by 2030<sup>17</sup> and cancelling plans for any new coal power stations.<sup>18</sup>

#### Increasing Stranded Asset Risk

As the global economy accelerates efforts towards achieving net zero emissions by 2050, NHC is planning to waste investor capital on coal projects antithetical to that goal.

NHC has expanded through acquisition of a 40% stake in the Bengalla project for AU\$865 million in FY16, and a further 40% for AU\$860 million in FY19. Bengalla has approval to produce up to 15Mtpa of run-of-mine (ROM) coal out to 2039.<sup>19</sup> Meanwhile, the AU\$900 million New Acland Stage 3 project would expand that mines production capacity to 7.5Mtpa ROM, and extend its production life by 12 years.<sup>20</sup>

NHC is also continuing to invest heavily in exploration activities across other coal developments which are unlikely to be financially viable as the world moves to meet the Paris climate goals. In the past year alone, NHC experienced an impairment of AU\$157 million worth of coal exploration and evaluation assets due to changing “market conditions for coal exploration assets.”<sup>21</sup> NHC has assessed 231Mt of marketable reserves for its Lenton, Elimatta and Taroom tenements.<sup>22</sup> Under the NZE2050 there would be no market for this coal, making these exploration assets worthless.

#### Capital Preservation

Recent periods of low demand and prices provide insight into the long-term risk facing NHC's business. After averaging US\$100/t through FY18-19, the thermal coal price fell to US\$52/t in May 2020 during the COVID-19 global pandemic. Largely due to that volatility, in FY20, NHC's EBITDA dropped 44% year-on-year.<sup>23</sup>

In NZE2050, steam coal import prices are modelled to fall to US\$57/t in Japan by 2030, and continue to fall thereafter.<sup>24</sup> While thermal coal prices have temporarily spiked in recent months, many

commentators recognise the sector is in terminal decline.<sup>25</sup>

In the last decade, NHC has considerably underperformed other companies on the Australian Securities Exchange, providing no comfort to investors concerned about the Company's ability to manage shareholder value over a period of escalating financial risks. NHC's share devaluation saw investors suffer a 19% loss on their investment between 2011 and 2021, compared with a 141% total return for the ASX200 over the same period.<sup>26</sup>

Shareholders are interested in the preservation of capital, maximising future Company value, and avoiding reputation risk by ensuring sites of operations are restored and employees supported in the energy transition. All Shareholders are strongly encouraged to support this resolution.

#### **[END OF SECTION 249P STATEMENT]**

<sup>16</sup> <https://globalenergymonitor.org/projects/global-coal-plant-tracker/summary-data/>

<sup>17</sup> <https://www.reuters.com/article/us-japan-powerstation-coal/japan-to-shut-or-mothball-100-ageing-coal-fired-power-plants-yomiuri-idUSKBN243074>

<sup>18</sup> <https://www.bloomberg.com/news/articles/2021-04-27/japan-s-coal-pipeline-is-bare-after-last-planned-project-axed>

<sup>19</sup> <https://newhopegroup.com.au/bengalla-mine/>

<sup>20</sup> <https://eisdocs.dsdp.qld.gov.au/New%20Acland%20Coal%20Mine%20Stage%203/Project%20changes/new-acland-coalmine-stage-3-project-cg-change-report-imposed-conditions.pdf>, 1

<sup>21</sup> [https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report\\_2020.pdf](https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report_2020.pdf), 21

<sup>22</sup> Ibid 16

<sup>23</sup> Ibid 2

<sup>24</sup> <https://www.iea.org/reports/net-zero-by-2050>, 51

<sup>25</sup> <https://ieefa.org/ieefa-update-capital-flight-from-thermal-coal-is-accelerating/>

<sup>26</sup> Refinitiv Eikon, Total Return: 13-Jul-2011 to 13-Jul-2021



## Need assistance?



**Phone:**

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



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

NHC

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

## New Hope Corporation Limited Annual General Meeting

The New Hope Corporation Limited Annual General Meeting will be held on Thursday, 18 November 2021 at 12:00 noon (Brisbane time). You are encouraged to participate in the meeting using the following options:



### MAKE YOUR VOTE COUNT

You can access the Notice of Meeting, proxy form and other meeting documentation through the share registry's website at [www.investorvote.com.au](http://www.investorvote.com.au) using the below information:



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

You are encouraged to lodge a directed proxy even if you plan to participate online, so that your vote can still be counted if for any reason you cannot vote on the day.

To lodge a proxy visit [www.investorvote.com.au](http://www.investorvote.com.au) and use the access details above or follow the alternative instructions on the proxy form.

For your proxy appointment to be effective it must be received by 12:00 noon (Brisbane time) Tuesday, 16 November 2021.




### ATTENDING THE MEETING VIRTUALLY

To watch the webcast, ask questions and vote on the day of the meeting, please visit: [web.lumiagm.com/323922395](http://web.lumiagm.com/323922395)

For instructions refer to the online user guide [www.computershare.com.au/onlinemeetingguide](http://www.computershare.com.au/onlinemeetingguide)

## Need assistance?

 **Phone:**  
1300 552 270 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12 noon (Brisbane time) on Tuesday, 16 November 2021.**

# Proxy Form

## How to Vote on Items of Business

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you leave Step 1 blank, or your named proxy does not attend the meeting or does not vote on a poll on a resolution in accordance with your instructions, the Chairman of the Meeting will be your proxy in respect of that resolution.

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.**

**Voting restrictions for Key Management Personnel (KMP):** Please note that if you appoint a member of the KMP (which includes each of the directors) or one of their closely related parties as your proxy, they will not be able to cast your votes on Resolution 1, unless you direct them how to vote or the Chairman of the Meeting is your proxy. If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, but you do not mark a voting box for Resolution 1, then by signing and returning the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy in respect of Resolution 1, even though the Resolution is connected with the remuneration of the KMP.

## 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.

## PARTICIPATING IN THE MEETING

### Corporate Representative

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

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 185444**

**SRN/HIN:**

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

### By Mail:

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

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

**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.

# Proxy Form

Please mark  to indicate your directions

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

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 virtually at web.lumiagm.com/323922395 on Thursday, 18 November 2021 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), by signing and returning this form, I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) 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.

## 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.

**Please Note:** to fully inform shareholders in exercising their right to vote, please be aware that if the Chairman of the Meeting is appointed as your proxy (or becomes your proxy as default), the Chairman of the Meeting intends to vote available proxies in the same manner set out beside each resolution. This reflects the recommendation of the board.

### BOARD ENDORSED RESOLUTIONS

The Board recommends shareholders vote **FOR** Resolutions 1 to 4

1. Adoption of Remuneration Report

2. Re-election of Director - Mr Todd Barlow

3. Re-election of Director - Mr Thomas Millner

4. Ratification of Prior Issue of Convertible Notes

### NON-BOARD ENDORSED RESOLUTIONS

The Board recommends shareholders vote **AGAINST** Resolutions 5 and 6

5. Amendment to the Constitution

6. Capital Protection

| Board Recommendation | For                      | Against                  | Abstain                  |
|----------------------|--------------------------|--------------------------|--------------------------|
| FOR                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FOR                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FOR                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FOR                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| AGAINST              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| AGAINST              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 to 4 and against Resolutions 5 and 6 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.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



# 2021 ANNUAL REPORT



NEW HOPE  
GROUP





**New Hope Group** is a diverse Australian energy company with operations in coal mining, exploration, port handling, oil & gas and agriculture. We strive to energise our people, communities and customers.

Bisley



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# 2021 HIGHLIGHTS

## SHARE PRICE GROWTH



## FINAL DIVIDEND<sup>1</sup>

7.0c

## 31 JULY SHARE PRICE

\$2.0

## FULL YEAR DIVIDEND<sup>1</sup>

11.0c

## UNDERLYING EBITDA<sup>2</sup> (BEFORE NON-REGULAR ITEMS)

\$367M

## CASH AVAILABILITY

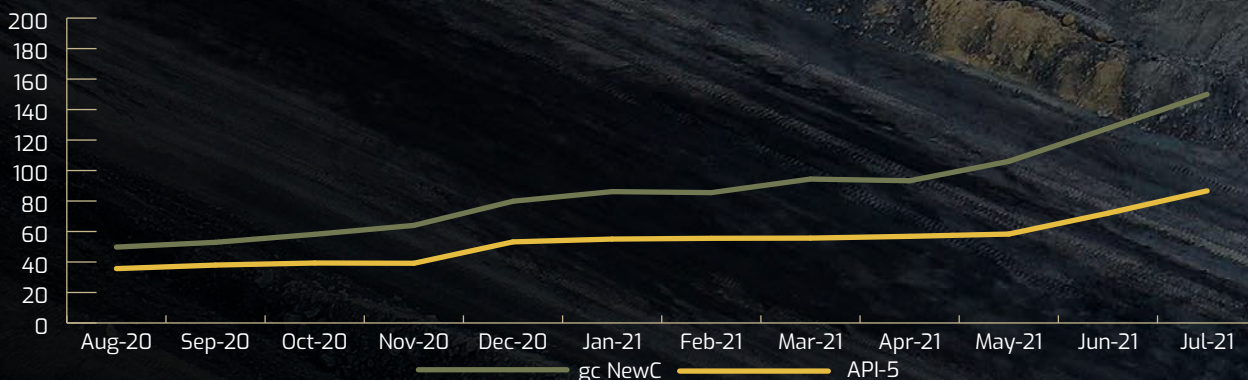
\$565M

^ 27%

^ 156%

## THERMAL COAL PRICES (US\$/t)

Prices recovered strongly in the second half of the financial year, reaching 10-year highs. Company maximised low-ash product to capitalise on strong market conditions.



1. Dividend is fully franked.

2. Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Non-Regular Items is a non-IFRS measure. This non-IFRS information has not been audited by Deloitte.



# OUR VISION

**Energising our People,  
Communities and Customers.**

- > **To deliver long-term shareholder value through responsible investment, marketing and asset management.**

# OUR VALUES



## Integrity

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



## Wellbeing

We all seek to prevent harm, promote safety and enhance health.



## Respect

We listen and treat others as we expect to be treated.



## Resilience

We are adaptable and see opportunity in change.



## Responsibility

We are empowered and accountable for our actions.



## Collaboration

We work together and focus on the best outcome.





# CHAIRMAN'S REVIEW

**We began the 2021 financial year in much the same way as we finished the 2020 financial year. The impact of COVID-19 was ongoing, tensions between Australia and our major trading partner remained and Newcastle coal prices (GC Newc 6000) were near all-time lows.**

In the face of the challenging conditions and uncertain outlook, the Company's new leadership team took steps to reduce costs and restructure the business. This enabled our Company not only to better withstand the then prevailing industry and market downturn but also positioned it to achieve improved returns as conditions quickly improved.

During the first half of the 2021 financial year, Newcastle coal prices increased from US\$52 per tonne in July 2020 to a more respectable US\$86 per tonne in December 2020. While the rising price environment was encouraging it took some time for improvements in index prices to flow through to realised sales.

The second half of the financial year saw a significant turnaround, with Newcastle coal prices rebounding strongly, not just to pre-COVID levels, but to levels we had not seen since 2008. At 31 July 2021, coal prices almost doubled from January 2021 levels, up to US\$150 per tonne, and were continuing to trend upwards.

In the end, we delivered a very pleasing full year profit before tax and non-regular items of \$199.3 million and a closing share price of \$2.00, an increase of 52% on the 2020 financial year.

There is no doubt the dramatic increase in coal prices has contributed to the Company's overall result, but it is also the resilience and determination of our leadership and workforce that has seen the Company return to our current position of relative strength.

Our Chief Executive Officer (CEO), Reinhold Schmidt, will go into more detail on the measures taken to restructure the business, however, it would be remiss of me not to acknowledge the hard work our team has put in over the past 12 months. Safety and the wellbeing of our employees is a priority and management across the business are to be congratulated on how they have handled change and the challenges presented throughout the year.

*"Bengalla continues to be our cornerstone operation, producing outstanding production and cost results."*

As the workforce at New Acland moves closer to an inevitable shutdown of operations while we await the outcomes of the approvals process for Stage 3, they have remained safe, professional and focused. It is disappointing that the protracted approvals process has forced retrenchment of almost all the New Acland workforce, many of whom have been long-term employees. We wish them success in their futures and hope that Stage 3 approvals are granted during the 2022 financial year enabling the restart of mining and the offer of employment and economic opportunity at New Acland, for the benefit of the local region.

*“At 31 July 2021, coal prices had almost doubled from January 2021 levels, up to US\$150 per tonne, and were continuing to trend upwards.”*

Notwithstanding the uncertainty that continues to surround the New Acland project, we are in a very strong position. Bengalla continued to be our cornerstone operation, generating outstanding production and cost results.

In conjunction with the leadership team, the Board continues to look at new opportunities to grow and diversify the business while providing positive returns for our shareholders. New Hope recently completed a A\$200 million Convertible Notes Offering that strengthens our capital capacity. The demand for this offering was very pleasing and has enabled a fresh group of global institutional investors to invest in New Hope. It provides diversified capital for the Company and enhances New Hope's ability to pursue growth and acquisition opportunities that create value for our investors.

New Hope Group acknowledges that climate change is a critical global issue and that the world must transition to a lower carbon economy. We understand the climate change risks posed to our business over the short, medium and long-term. We believe that New Hope can play a positive and effective role during transition, supporting the communities who rely on our coal for baseload power or other uses, together with the communities in which we operate. Our 2021 Sustainability Report will soon be published and will provide greater detail about the climate change risks and opportunities and the long-term sustainability of our business.

I would like to thank the management and staff of the Company for their continued efforts over what has been another challenging yet rewarding 12 months. I thank my Board colleagues for their diligence and finally I would like to thank our shareholders for their ongoing support.



R.D. Millner  
Chairman





# CHIEF EXECUTIVE OFFICER'S REVIEW

## I am pleased to update shareholders on the Company's performance for the 2021 financial year.

The Company finished the 2021 financial year with underlying EBITDA of \$367 million, a 27% increase on the prior financial year, supported by stronger Newcastle coal prices in the second half of the financial year, as outlined by the Chairman. Prices have continued to strengthen since 31 July 2021, with the Company generating Underlying EBITDA<sup>1</sup> of \$173.9 million in the two months since the end of the reporting period.

This excellent result, given the position the industry was in just one year ago, has been realised due to the hard work and commitment of every member of the New Hope team.

While our operations have continued to operate through COVID-19, we were not immune to the financial impacts of the global pandemic during the 2020 financial year and into the 2021 financial year.

The Company has weathered the challenges of the pandemic while remaining focused on the wellbeing of our staff. Initiatives included enhanced mental health support through our Employee Assistance Program, the formal introduction of working from home guidelines, the introduction of a temporary 9-day fortnight, and the provision of IT and office equipment to support team members to establish home offices.

A review of the Company structure led to a significant rationalisation of corporate roles which resulted in a leaner and more agile corporate team. This also brought with it a much-simplified executive team allowing the Company to refocus on business priorities, with a view to achieving long term success.

Over the past 12 months all our sites have worked tirelessly to add value to the Company.

*"The Company has weathered the challenges of the pandemic while remaining focused on the wellbeing of our staff."*



1. Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Non-Regular items is a non-IFRS measure. This non-IFRS information has not been audited by Deloitte.





Bengalla has continued to be the cornerstone operation for the Company, producing 9.7Mt of saleable product for the year. Our dragline was shutdown for midlife maintenance in the first half of the 2021 financial year. Above plan performance by the excavator/truck fleet ensured strong performance in the second half of the financial year with the site producing 5.2Mt, a 15% increase on the first half.

New Acland continues to produce high quality product although at a declining rate as the current resource is exhausted. The approvals for the Stage 3 project are subject to another Land Court hearing scheduled for November 2021. In the meantime, redundancies and a ramp down of operations continue. The operation will transition safely into care and maintenance in late 2021.

Despite this, we remain focused on the project's future and are working diligently to secure the remaining approvals and restart operations, which would provide employment and economic opportunities for the region.

Our Pastoral Operations in Acland and Bengalla continued to increase the scale of their breeding and grazing activities. With cattle sale prices increasing, we have been achieving excellent returns on our breeding programs. While the financial contribution of these activities to our business is small, we regard them as important to the sustainable and productive use of our assets and to providing further opportunity within the regions.

*"The Convertible Notes Offering which was completed in July 2021 places the Company in a very strong position moving forward."*

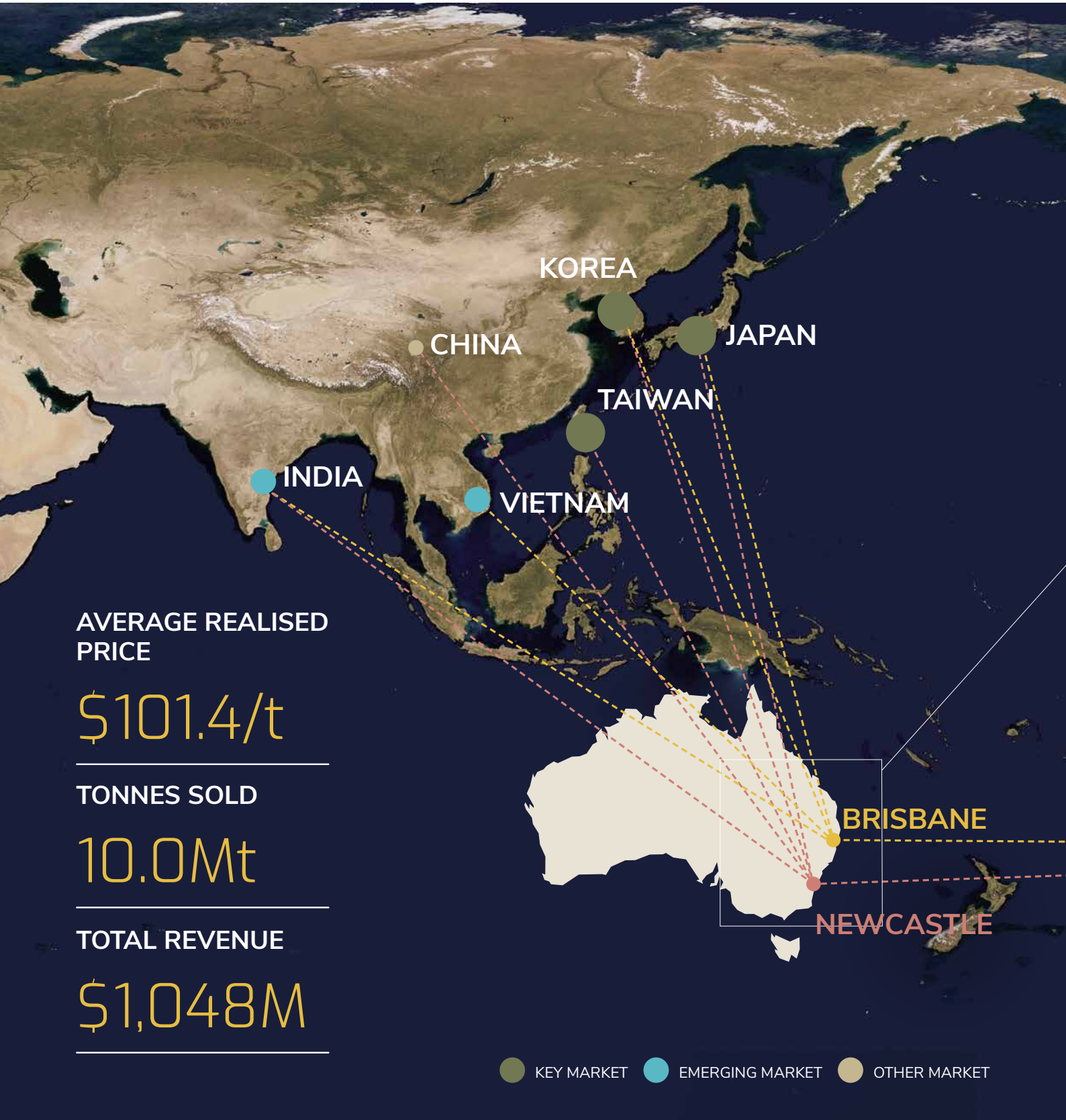
Along with the rebound in coal prices, the continued strength and diversity of our customer base and our low-cost assets and operating structure, the Convertible Notes Offering which was completed in July 2021 places the Company in a very strong position moving forward.

I would like to thank the Board for their continued support and guidance, the team in our corporate office for the hard work they have put in over the past 12 months and, of course, the crews at our various operations who are the engine room of our business.

R.H. Schmidt  
Chief Executive Officer



# OUR CUSTOMERS



AVERAGE REALISED PRICE

\$101.4/t

TONNES SOLD

10.0Mt

TOTAL REVENUE

\$1,048M

● KEY MARKET ● EMERGING MARKET ● OTHER MARKET

# OUR OPERATIONS



FOB COST

\$63.7/t

SALEABLE COAL PRODUCED

9.6Mt

SAFETY

5.39 TRIFR

CHILE

# OPERATIONS OVERVIEW

## Coal Operations



NSW

JORC  
RESOURCES  
381Mt



QLD

JORC  
RESOURCES<sup>1</sup>  
2,274Mt



## Rehabilitation

TOTAL LAND  
REHABILITATED  
3,917Ha

## BACKGROUND

- Large scale, cost competitive mine in NSW, Bengalla Mine.
- Single pit operation using dragline, truck and excavator.
- Approvals to mine up to 15Mt ROM until 2039.
- Open cut truck and excavator mine in QLD, New Acland Mine.
- Current Stage 2 operation transitioning into care and maintenance.
- Awaiting outcomes of Stage 3 project approvals process, with Land Court hearing scheduled for November 2021.
- Core commitment to return land to a sustainable, productive post mining use.
- Best practice environmental planning and progressive rehabilitation incorporated into all phases of mining life.

## 2021 FINANCIAL YEAR PERFORMANCE

- 7.8Mt saleable coal produced (80% share).
- 10Mt ROM coal produced (80% share).
- Underlying EBITDA \$359 million.
- Realised price is \$101.65/t.
- 1.8Mt saleable coal produced.
- 3.9Mt ROM coal produced.
- Underlying EBITDA \$19 million<sup>1</sup>.
- Realised price is \$100.22/t.
- 150Ha of land rehabilitated.
- 248Ha of land rehabilitated in the 2020 financial year.
- 360Ha of rehabilitation completed at Jeebropilly since the end of mining.

1. Includes all QLD tenements classified in the QLD Coal Operating Segment.  
2. ASX Release 21 September 2021 'Bridgeport Energy 2021 Reserves and Resources'.

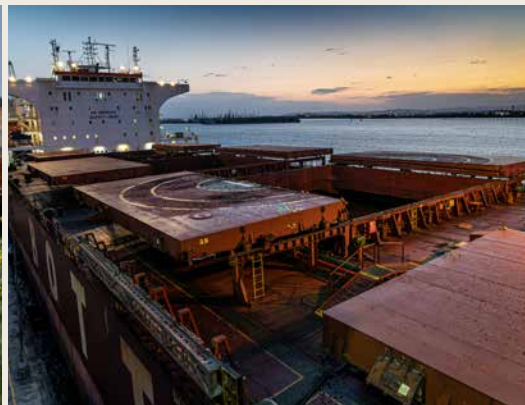


## Agriculture



AGRICULTURAL  
LAND HOLDINGS  
**10,000Ha**

## Port Operations



THROUGHPUT  
CAPACITY  
**10Mt**

## Oil and Gas



RESERVES 2P  
**5.9Mboe<sup>2</sup>**

### BACKGROUND

- Agricultural activities completed at both Acland and Bengalla.
- Cattle breeding and cropping operations undertaken on rehabilitated land.
- Operation of the handling facility at the Port of Brisbane.
- Leading bulk handling facility since 1983.
- 24/7 operations.
- Eight years lost time injury free.
- Tenures held in the Cooper Basin (QLD and SA), Surat Basin (QLD) and Otway Basin (VIC).
- Tenures cover an area in excess of 15,000km<sup>2</sup>.

### 2021 FINANCIAL YEAR PERFORMANCE

- 40% increase in cattle prices since July 2020.
- 1,200 head of cattle sold.
- Successful breeding program, coupled with strong crop yields.
- 3.7Mt export throughput.
- Supports existing coal customers, while diversifying into new commodities to maximise throughput.
- 313k barrels produced.
- 288k barrels sold.
- Oil price increase 62% from 2020 financial year, to US\$75.29/bbl.



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The Directors present their report on the consolidated entity consisting of New Hope Corporation Limited ('the Company' or 'New Hope') and its controlled entities ('the Group').

## DIRECTORS

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

Mr R.D. Millner

Mr T.C. Millner

Ms J.E. McGill AO

Mr T.J. Barlow

Mr I.M. Williams

Mr S.O. Stephan (resigned 31 August 2020)

Mr W.H. Grant OAM (resigned 17 November 2020)

## PRINCIPAL ACTIVITIES

The principal activities of New Hope consisted of the development and operation of coal mines, port handling and logistics, agriculture and oil and gas development and production.

## HIGHLIGHTS

- Net profit after tax (NPAT) of \$79.4 million;
- Underlying EBITDA<sup>1</sup> result of \$367.2 million (2020: \$289.8 million);
- The Company produced 9.6Mt of saleable coal (2020: 11.3Mt);
- Net cash from operating activities \$296.1 million, an increase of 16 per cent;
- Inaugural issue of \$200 million of senior unsecured Convertible Notes due 2026 met with high demand and successfully closed on 2 July 2021 oversubscribed;
- Interim dividend of \$33.3 million paid during the period, representing 4.0 cents per share, fully franked;
- Final dividend of 7.0 cents per share, fully franked, payable 9 November 2021; and
- Closing share price, \$1.995 representing a 52 per cent increase.

## OPERATING AND FINANCIAL REVIEW

The Company reported a Net Profit before Tax (NPBT) and before Non-Regular Items<sup>1</sup> of \$199.3 million for the financial year ended 31 July 2021. This represents a 67 per cent increase from the comparative period (2020). The primary drivers contributing to the NPBT and before Non-Regular Items result include:

- An increase in average A\$ realised prices to A\$101.36/t in 2021 from A\$91.54/t in 2020. Thermal coal prices recovered strongly from 2020 levels, reaching 10-year highs which materialised into strong revenue generation over the second half of the 2021 financial year. The quarter four average realised price received was A\$122.13/t.
- Underlying Free On Board (FOB) costs of A\$63.70/t were lower than 2020 following cost savings initiatives implemented across both Bengalla and New Acland.
- Gross revenue from coal sales decreased in 2021 to \$1,006 million from \$1,051 million in 2020. This represents a 4 per cent decrease which is due to the lower volumes of coal sold during the year primarily at New Acland as the site transitions into care and maintenance.

<sup>1</sup> Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Non-Regular Items and Net Profit before Tax and before Non-Regular Items are non-IFRS measures. This non-IFRS information has not been audited by Deloitte.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## FINANCIALS AT-A-GLANCE

|   | 2021<br>\$000   | 2020<br>\$000    |
|---|-----------------|------------------|
| <b>Statutory Revenue</b>  | 1,048,239       | 1,083,918        |
| <b>Statutory Profit/(Loss) after tax</b>                              | <b>79,350</b>   | <b>(156,783)</b> |
| <b>Underlying EBITDA<sup>1</sup></b>                                  | <b>367,197</b>  | <b>289,754</b>   |
| Impairment of Queensland Coal Mining Assets                           | (40,259)        | (110,783)        |
| Impairment of Coal Exploration and Evaluation Assets                  | (1,618)         | (157,197)        |
| Impairment of Goodwill  | –               | (12,271)         |
| Impairment of Oil Producing and Exploration Assets                    | –               | (66,381)         |
| Onerous Contracts   | (37,276)        | –                |
| New Acland Ramp Down <sup>2</sup>                                     | 11,393          | (13,324)         |
| Group Redundancies  | (15,733)        | (7,103)          |
| Liquidation Related Expenses  | (2,620)         | 14,058           |
| Strategic Growth and M&A  | (1,370)         | –                |
| Debt Waiver Consent Fees  | (1,110)         | –                |
| Jeebropilly Rehabilitation  | –               | 9,463            |
| Recovery of Prior Period Rail Costs                                   | –               | 1,937            |
| ERP System Implementation Costs                                       | –               | (3,454)          |
| <b>Total Non-Regular Items</b>  | <b>(88,593)</b> | <b>(345,055)</b> |
| <b>EBITDA</b>   | <b>278,604</b>  | <b>(55,301)</b>  |
| Financial Income and Expenses   | (18,531)        | (19,380)         |
| Depreciation and Amortisation   | (149,353)       | (150,870)        |
| Statutory Profit before Tax   | 110,720         | (225,551)        |
| <b>Net Profit before Tax and before Non-Regular Items<sup>1</sup></b> | <b>199,313</b>  | <b>119,504</b>   |

1 Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Non-Regular Items and Net Profit before Tax and before Non-Regular Items are non-IFRS measures. This non-IFRS information has not been audited by Deloitte.

2 New Acland Ramp Down represents a change in coal stock inventory valuation following the increase in coal prices during the 2021 financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

The variance between Underlying EBITDA<sup>1</sup> and Cash flow from Operations is primarily driven by the movement in Working Capital as outlined below.

|   | NOTES | 2021<br>\$000  | 2020<br>\$000  |
|---|-------|----------------|----------------|
| <b>Underlying EBITDA<sup>1</sup></b>                              |       | 367,197        | 289,754        |
| Net Interest Paid   |       | (15,620)       | (15,776)       |
| Net Income Taxes (Received)/Paid                                  |       | 19,317         | (26,586)       |
| Settlement of Non-Regular Items <sup>1,2</sup>                    |       | (36,046)       | 4,257          |
| Net Foreign Exchange  |       | (2,453)        | (441)          |
| Remeasurement of Assets Classified as Held for Sale               |       | 48             | –              |
| Impairment of Building Assets                                     | 14    | 2,771          | –              |
| Non-Cash Employee Benefit Expense — Share-Based Payments          | 5     | 72             | 691            |
| Net Working Capital   |       | (39,221)       | 3,559          |
| <b>Cash Flow from Operations</b>                                  |       | <b>296,065</b> | <b>255,458</b> |
| <b>Cash Flow Summary</b>  |       |                |                |
| Operating Cash Flows  |       | 296,065        | 255,458        |
| Investing Cash Flows  |       | (42,760)       | (108,778)      |
| Financing Cash Flows  |       | 98,528         | (135,571)      |
| <b>Cash and Cash Equivalents at the end of the financial year</b> |       | <b>424,663</b> | <b>70,377</b>  |
| <b>Capital Management</b>   |       |                |                |
| Net Debt <sup>3</sup>   |       | 80,830         | 293,319        |
| Undrawn Syndicated Facility                                       |       | 140,000        | 150,000        |
| Gearing Ratio (%) <sup>4</sup>                                    |       | 4%             | 14%            |

1 Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and before Non-Regular Items is a non-IFRS measure. This non-IFRS information has not been audited by Deloitte.

2 Settlement of Non-Regular Items are cash Items that Impact Cash Flow from Operations.

3 Calculated in accordance with the covenant under the Debt Facility and therefore excludes Lease Liabilities recognised upon adoption of AASB 16 Leases and Cash balances of subsidiaries excluded from the Debt Facility.

4 Net Debt/(Net Debt plus Equity).

The Company holds a strong capital position, with a closing Cash and Cash Equivalents balance of \$424.7 million, including cash received from the issuance of the Convertible Notes and debt availability of \$140.0 million, ensuring any future strategic growth opportunities can be supported.

## OPERATING CASH FLOWS

The Company has generated a cash operating surplus of \$296.1 million which is an increase of 16 per cent on the prior comparative period. This reflects a reduction in overall cash payments as the business focused on cost saving measures in light of the depressed pricing at the start of the 2021 financial year. Prices improved during the second half of the 2021 financial year and have continued to remain strong off the back of constrained supply in the market and strong demand. This is expected to provide continued support to pricing over the next 12 months.

## INVESTING CASH FLOWS

Cash outflows from investing were \$42.8 million against \$108.8 million for the prior comparative period. The reduction of 61 per cent was primarily due to the reduction in Property, Plant and Equipment additions. This planned reduction was a response to the market dynamics at the beginning of the financial year which required strong capital discipline.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### INVESTING CASH FLOWS (CONTINUED)

The Company has also sold surplus plant and equipment at the non-operating Queensland sites which provided investing cash inflows of \$22.7 million.

### FINANCING CASH FLOWS

On 2 July 2021, the Company successfully issued \$200 million of senior unsecured Convertible Notes with a 2.75 per cent coupon, reflecting a fully subscribed inaugural offer. The Convertible Notes are convertible into fully paid Ordinary Shares in the Company at a conversion price of \$2.10 per Ordinary Share. They will mature on 2 July 2026, unless otherwise redeemed, repurchased, or converted.

The net proceeds of the Convertible Notes were \$195.2 million after the deduction of commissions, professional fees and other related administration costs paid at 31 July 2021. At the date of this report, the Company has not yet used the proceeds of the Convertible Notes.

The available Cash for the financial year ended 31 July 2021 is \$564.7 million and represents the closing cash position and the cash available for draw down under the Company's Debt Facility. The debt drawn under the facility at the financial year end is \$310.0 million, a 16 per cent reduction from the prior comparative period.

Basic earnings per share for the 2021 financial year is 9.5 cents compared to a loss of 18.9 cents for the prior comparative period.

Directors have declared a final dividend of 7.0 cents per share (31 July 2020: Nil). This dividend is fully franked and payable on 9 November 2021 to shareholders registered as at Tuesday, 26 October 2021.

### REVIEW OF OPERATIONS

#### Health, Safety, Environment and Community

The Company is committed to the health, safety and wellbeing of its people, the environment, and the communities in which we operate. The Company's 12 month moving average Total Recordable Injury Frequency Rate (TRIFR) of 5.39 decreased from the comparative period of 5.99. The TRIFR remained below the opencut industry average<sup>1</sup>. During the financial year the Company integrated its oil and gas business into its consolidated TRIFR which has increased the rate from the previously published comparative period.

Rehabilitation and restoring mining land is a core commitment of the Company. The Company strongly believes that mining and agriculture can exist together and appreciates that as the custodians of large parcels of land, it has an obligation to return land to a productive and sustainable use post mining operations. For the financial year ended 31 July 2021, the Company rehabilitated 150 hectares of mining land back to productive post mining use.

#### COVID-19

As COVID-19 evolves, the Company monitors the situation and manages site security and restricted entry into operations as well as reviewing business continuity plans in light of the evolving COVID-19 situation and potential impacts.

#### Operations

The Company produced 9.6Mt of saleable coal<sup>2</sup> for the financial year ended 31 July 2021, a decrease of 15 per cent against the prior comparative period. The decrease represents the wind down of operations at the Queensland based New Acland Coal Mine while it awaits for approvals for the Stage 3 operation. The New South Wales Bengalla Mine had a reduction in saleable coal produced due to the planned mid-life dragline shutdown which occurred early in the first quarter of the financial year. The Company made sales for the financial year of 10.0Mt.

The average sales price achieved during the year was A\$101.36/t driven by strong market demand for low-ash thermal coal. During the financial year, the Japanese Reference Price for JFY21<sup>3</sup> was settled at US\$109.97/t. This settlement is a 60 per cent increase over the Japanese Reference Price for JFY20. The Company continues to take advantage of pricing dynamics when placing coal sales contracts and can respond quickly to any change in pricing deltas between different product qualities.

1 New South Wales Surface Coal Mines average.

2 The Company's share of saleable volumes and sales represents its 80 per cent share in Bengalla Mine operations and 100 per cent share in New Acland Coal Mine operations.

3 Japanese financial year (JFY21) refers to 1 April 2021 to 31 March 2022.



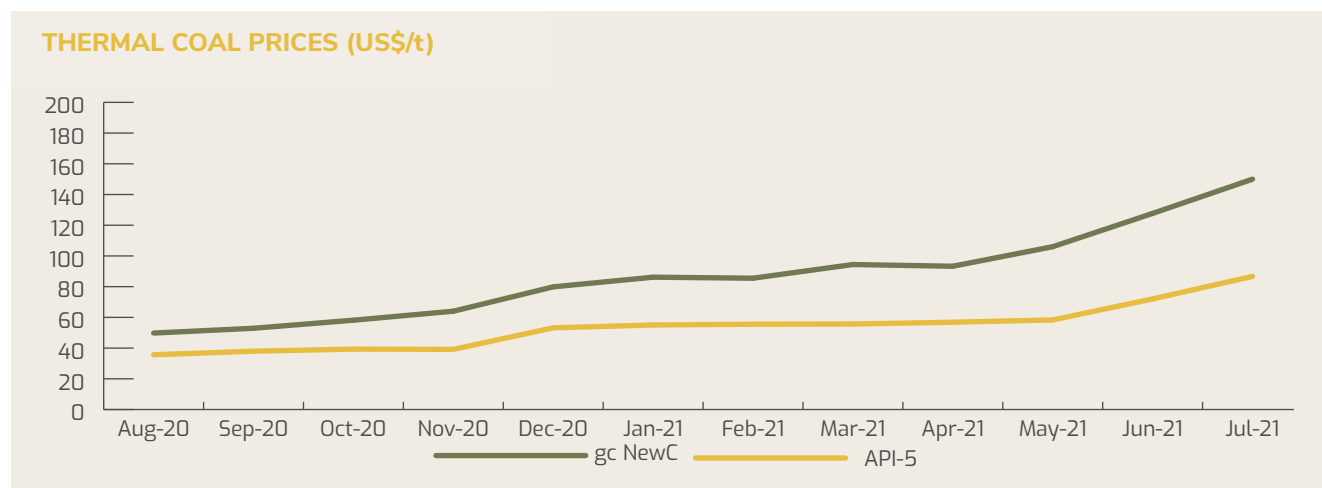
# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### REVIEW OF OPERATIONS (CONTINUED)

The Company, in the short-term, will continue to focus on optimal product split and maximise the production of high energy products. Our forward sales book will allow us to achieve robust returns in the coming months, with Newcastle Index pricing currently greater than US\$170/t.



| GROUP COAL MINING OPERATIONAL METRICS       | METRIC          | 2021            | 2020           |
|---|-----------------|-----------------|----------------|
| Prime overburden                            | bcm             | 50,482          | 56,118         |
| Run-of-Mine (ROM) coal produced             | kt              | 14,002          | 16,044         |
| ROM strip ratio – prime                     |                 | 3.6             | 3.5            |
| Bypass                                      | kt              | 1,004           | 1,561          |
| Coal handling preparation plant (CHPP) feed | kt              | 12,685          | 14,176         |
| Saleable coal produced                      | kt              | 9,589           | 11,285         |
| Product yield                               | %               | 76%             | 80%            |
| Coal sales                                  | kt              | 10,035          | 11,482         |
| <b>Average sale price achieved</b>          | <b>A\$/t</b>    | <b>\$101.36</b> | <b>\$91.54</b> |
| <b>Unit costs of sales</b>                  |                 |                 |                |
| Free on Rail (FOR) cost                     | A\$/sold        | \$36.53         | \$37.79        |
| FOR to FOB cost (ex. State royalty)         | A\$/sold        | \$20.32         | \$19.77        |
| State royalty                               | A\$/sold        | \$6.85          | \$6.44         |
| <b>Underlying FOB cash cost</b>             | <b>A\$/sold</b> | <b>\$63.70</b>  | <b>\$64.00</b> |
| <b>Margin</b>                               | <b>A\$/sold</b> | <b>\$37.66</b>  | <b>\$27.54</b> |

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

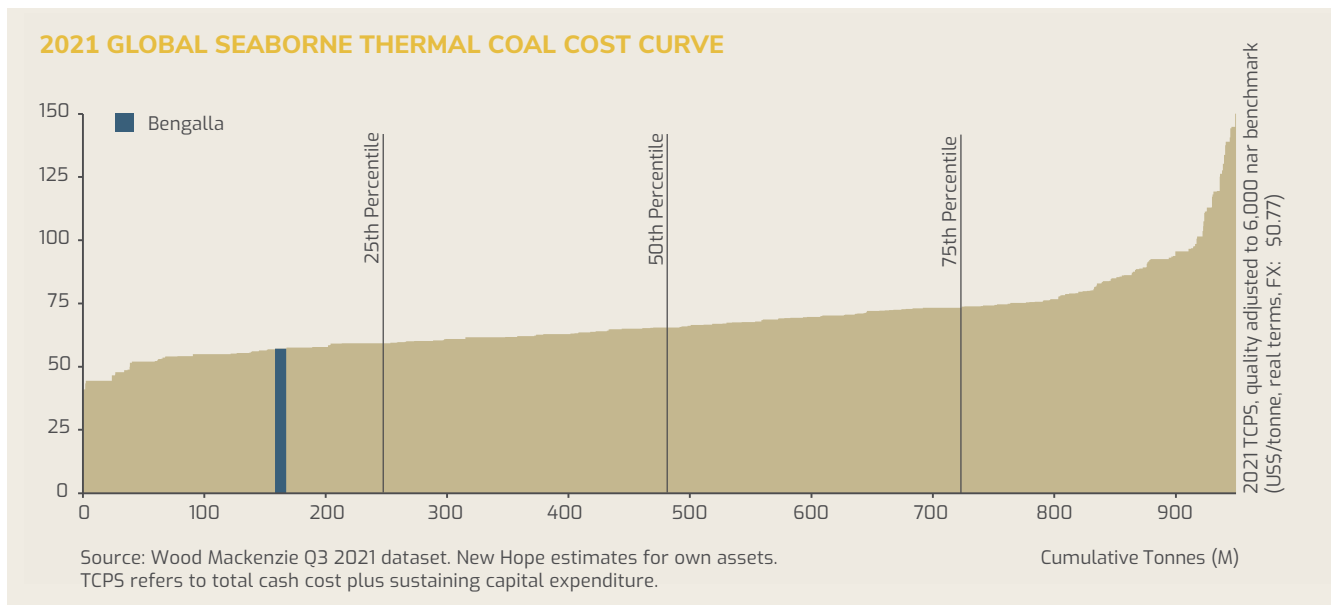
### BENGALLA MINE

Bengalla (100 per cent basis) delivered 9.7Mt saleable production for the financial year compared to 10.3Mt in the prior comparative period. The reduction was primarily due to the planned mid-life dragline maintenance shutdown during the first quarter of the 2021 financial year. The shutdown was completed successfully with dragline operating performance and utilisation improved against the prior comparative period.

During the second half of the 2021 financial year, Bengalla acquired an EX5500 excavator from New Acland. The additional excavator provided the site with a reliable swing digger and additional capacity to the truck and shovel fleet.

Of the 12.5Mt ROM produced, over 11.0Mt was fed to the CHPP, as strong market conditions for high quality coal supported maximising coal processing, compared to bypass. Total yield of 79 per cent was achieved, two per cent lower than last year.

Bengalla continues to be recognised as a large-scale cost competitive mine, with the FOB cost per tonne positioned within the lowest quartile, compared with other seaborne thermal coal producers worldwide.



### NEW ACLAND COAL MINE

New Acland produced 1.8Mt of saleable coal for the financial year. This was 39 per cent down on the prior comparative period as the operation continues to ramp down while awaiting a decision on the granting of Stage 3 approvals.

The CHPP and maintenance teams moved to dayshift only at the end of July 2021 and the CHPP will only operate four days per week moving forward. Planning and preparation work for the operation to move safely into care and maintenance is continuing.

Rehabilitation work continues to be a focus of the operation and wider business. During the year the operation undertook 55 hectares of rehabilitation work. Following the transition of the operation into care and maintenance, rehabilitation works will continue while the operation awaits a decision on the granting of Stage 3 approvals.

### NEW ACLAND STAGE 3 (NAC03) DEVELOPMENT

On 3 February 2021, the High Court decided that New Acland's mining lease applications and environmental authority amendment application for its Stage 3 expansion should be reheard by the Land Court.

The High Court determined that there was an apprehension of bias against New Acland by the Land Court Member in the first Land Court hearing which the High Court said also tainted the second Land Court hearing and the environmental authority that had issued following that hearing. Following the High Court decision, the Land Court made orders on 12 February 2021, including to reserve four weeks commencing 1 November 2021 as tentative dates for the rehearing.

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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

This will be the third Land Court hearing relating to these approvals. The decision that will issue from the Land Court is in the form of recommendations as to whether the mining lease applications and environmental authority amendment application for the Stage 3 expansion should be granted.

Following the Land Court recommendations, decisions on the final approvals can then be made by the Queensland Department of Environment and Science and the Minister for Resources.

### WEST MORETON OPERATIONS

Rehabilitation works at the Normanton site have been completed on time and to budget. A total of 34 hectares has been rehabilitated back to productive post mining land use.

### QUEENSLAND BULK HANDLING (QBH)

QBH exported 3.89Mt of coal for the year. This is a 24 per cent decrease on the comparative period, mainly due to reduced output from New Acland Coal Mine as the operation transitions into care and maintenance.

QBH realised opportunities during the year to meet short-term additional stockpile demand from current customers and has engaged with new customers for coal and non-coal throughput. The operation will continue to focus on new customers and markets where it makes financial sense to do so.

### COAL DEVELOPMENT AND EXPLORATION

The Company maintains several development and exploration sites. The expenditure on these assets has been maintained to keep the tenements in good standing and meet required obligations.

### PASTORAL OPERATIONS

The Company's Pastoral operations benefited from the continued upward trend of cattle prices, which increased by over 40 per cent on the prior comparative period.

Over the past 12 months, the operations successfully fattened and sold 1,200 Acland Pastoral Company (APC) bred weaners. The weaning of a further 1,200 calves from APC's breeder herd was completed with 960 weaners sent to Bengalla Agricultural Company (BAC) for fattening.

Following a very successful breeding cycle in June 2021, the Company will continue to focus on strengthening the livestock program in the 2022 financial year. The Company has also entered agistment arrangements at APC.

APC operations received good winter rains in calendar year 2020 which led to strong crops yield in early calendar year 2021. The operations have invested into farming equipment that will increase efficiencies and save costs for planting and harvesting next season. APC will begin harvesting mungbean crops in the summer months which due to its drought tolerant, quick-maturing qualities will allow for a faster rotation with Acland's sorghum crops. At this stage cropping prospects look promising with early rainfall creating a full moisture profile for crop growth.

### BRIDGEPORT ENERGY LIMITED (BEL)

Oil production totalled 313 Kt barrels for the 2021 financial year. This is an eight per cent decrease on the prior comparative period due to natural production decline.

Oil prices recovered strongly during the financial year, starting the year at US\$46.36bbl, and finishing US\$75.29bbl. This represents an increase of 62 per cent over the reporting period. This recovery of prices has had a significant impact on the final Bridgeport result, with the operation recognising revenue of \$22.1 million.

BEL successfully completed 11 critical workovers on schedule and budget over the past 12 months, maintaining high uptime on all wells and stable production at operated fields.

There were also successful discoveries on wells drilled in ATP2021 and PRL211 during the financial year, including the Vali field on which a discovery well and two appraisal wells were drilled and the Odin field on which a discovery well was drilled.



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### OUTLOOK

Thermal coal market fundamentals deteriorated in the first half of the 2021 financial year due to the impact of COVID-19. The Company quickly responded to the reduction in realised prices by implementing a number of cost saving initiatives at the operations, and undertaking a significant rationalisation across corporate office functions. Towards the end of 2021 financial year thermal coal prices staged a significant rally and closed the financial year at 10-year highs. The pricing is forecast to remain strong off the back of constrained supply and the opening up of new markets. The Company was not impacted by China's trade restrictions, with the Company's key customers based in Japan and Taiwan.

Bengalla continued to be the cornerstone operation of the Company. The operation successfully completed the planned mid-life dragline shutdown in September 2020 which provided the Company with a strong production runway into the second half of the financial year. Following the mid-life shutdown, the utilisation and productivity rates of the dragline improved whilst maintaining operating costs at low levels. The operation remained focused on safe, consistent production and maximising low-ash product which has maximised realised prices. As the operation moves into the 2022 financial year, the focus is on maintaining consistent, safe production and further continuous improvement initiatives which will impact directly on utilisation and productivity gains.

New Acland performed strongly for the financial year given the uncertainty around Stage 3 approvals. Remaining employees at the operation focused on rehabilitation and the safe transition into care and maintenance. Last coal will be mined before the end of the calendar year while the Company continues to pursue final Stage 3 approvals.

The Company has a strong customer base which provides low sales risk and revenue certainty. With Australia maintaining a leading position in the global trade market even through COVID-19, the future of the Company's high quality, lower emission coal will continue to underpin strong performance. With a focus on operational resilience while maintaining a robust Balance Sheet, the Company is a key position to capitalise on growth or transformational opportunities as they arise.

### RISK MANAGEMENT

The Company has a robust risk management framework which is overseen by the Health, Safety, Environment and People Committee (HSEPC), the Audit and Risk Committee (ARC) and the Board of Directors. The framework assists the organisation to identify, classify, document, manage and report on the risks facing the Company. Each identified risk is tracked in a risk register and allocated to an accountable individual who manages and reports on the risk.

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

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

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

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## RISK MANAGEMENT (CONTINUED)

| RISK CATEGORY              | POTENTIAL RISKS   | POTENTIAL OPPORTUNITIES  | APPLICATION TO NEW HOPE  |
|----------------------------|---|--|--|
| <b>Social Licence</b>      | <p>A number of stakeholders have interest in the impact our operations have on the surrounding environment and the communities in which we operate. In addition, the Company is subject to stringent regulation and reporting obligations spanning multiple government jurisdictions and departments. Failure to adequately acknowledge and address the interests of these stakeholders could negatively impact the operations of the Company, and potentially result in an inability to secure, maintain or renew the regulatory approvals required to continue the operations of the Company.</p> | <p>The Company has developed valuable and longstanding relationships with key stakeholder groups and is well respected in the areas that we operate. Many of these stakeholder groups independently advocate on behalf of the Company which is a critical component in developing relationships in new areas of operation or with emerging stakeholder groups.</p> | <p>The Company engages appropriately qualified experts to both manage the underlying risks and to engage proactively with stakeholder groups. The Company also utilises a variety of systems to manage and report upon the Company's performance against those obligations.</p>  |
| <b>NAC03 Approval</b>      | <p>There is a risk that approvals for the NAC03 expansion are not obtained. These approvals are critical to ensure operations continue beyond Stage 2 as reserves on the existing lease are depleted.</p> <p>Risks associated with prolonged approval delays or an inability to secure project approvals include, but are not limited to, the potential impairment of asset values, take or pay commitments exceeding project requirements or the potential loss of key long-term customers.</p>  | <p>Obtaining the necessary approvals for the NAC03 project will secure employment for the existing workforce, provide continuing economic stimulus to the local community and deliver value to shareholders.</p>   | <p>The Company has engaged appropriately qualified experts to both manage the underlying risks and to engage proactively with stakeholder groups. The Company also utilises a variety of systems to manage and report upon the Company's performance against those obligations.</p> <p>Detailed impairment assessments for the assets have been undertaken as detailed in Note 14 of the Financial Statements.</p> <p>As Stage 2 coal has been depleted, supplier and customer commitments have been appropriately managed while Stage 3 approvals continue to be pursued.</p> |
| <b>Project Development</b> | <p>The Company's ongoing economic sustainability is dependent on successful identification and development of projects. Failure to do so effectively will limit the businesses' longevity.</p>  | <p>New Hope actively seeks to identify potential opportunities that offer the prospect of building shareholder value. New Hope also acknowledges that sustainable long-term value creation can only be achieved by respecting and delivering positive outcomes for the broader stakeholder community.</p>  | <p>The Company is actively pursuing growth through both development of existing assets and the acquisition of complementary assets. Such activities will ultimately require the deployment of significant capital. To ensure that capital is deployed in an optimal manner, the Company undertakes rigorous and well documented due diligence using a mix of internal and external subject matter experts prior to making any investment decisions. All significant project development and acquisition transactions require approval from the Board of Directors.</p>         |

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## RISK MANAGEMENT (CONTINUED)

| RISK CATEGORY                    | POTENTIAL RISKS   | POTENTIAL OPPORTUNITIES   | APPLICATION TO NEW HOPE  |
|----------------------------------|---|---|--|
| <b>Bengalla Joint Venture</b>    | The Company has an active role in the direct management of day-to-day activities for the Bengalla Mine. The Bengalla Mine faces many of the same risks as the New Acland mining operation. Bengalla Mine management is tasked with discharging these duties day to day, with the Company providing oversight and governance via participation in the Bengalla Joint Venture management committee and by monitoring operational performance. | Knowledge gained from risk identification and management at one or more mines, including successful and unsuccessful approaches to mitigating and managing those risks, can be shared across management teams, thereby improving the Group's overall risk management strategy.  | The Company engages with the Bengalla Mine management team on an ongoing basis with the aim to identify, monitor, mitigate and actively manage risks, not only unique to Bengalla, but also across the Group.  |
| <b>Failure of Infrastructure</b> | The Company is highly dependent upon the availability and effectiveness of key infrastructure in order to produce and bring products to market.   | Monitoring and early identification of potential failures will improve productivity and performance outcomes for the Company. There is ongoing effort to identify opportunities and adopt processes that will reduce infrastructure failure or reduce the cost to the Company in the event that a failure does occur.               | The Company undertakes timely and effective preventative maintenance as well as regular third-party inspections of key infrastructure to minimise the risk of unforeseen failure. The Company also actively participates in a comprehensive insurance program to ensure assets are insured for appropriate value.  |
| <b>Market Risk</b>               | The Company's activities expose it to a variety of financial risks including, but not limited to, commodity price risk, foreign currency risk and interest rate risk.   | Opportunities exist to refine the existing policies for commodity price hedging and foreign exchange hedging such as investigating the use of different hedging instruments or the level of cover that is taken. The Company also has the ability to consider active management of any interest rate and commodity price exposures. | The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses Derivative Financial Instruments to hedge risk exposures associated with fluctuations in foreign exchange rates and has commenced an initial trial program to assess the appropriateness of coal price commodity hedging. |



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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## CLIMATE CHANGE RISKS

The identification and management of climate-related risks are integrated into the Company's Risk Management Framework. At a strategic level, the scope of the Risk Management Framework applies to risks that are material to the achievement of the key objectives of the Company and related business plans.

Climate change is critical global issue which, together with the transition to a lower carbon economy, poses risks to our business over the short, medium, and long-term. We believe that there is also opportunity for New Hope to play a positive and effective role during transition, supporting the communities who rely on our coal for baseload power or other uses, together with the communities in which we operate.

The Company will continue to work on this important topic with regard to the following key identified risk areas:

- Legislative and policy changes focusing on climate change and impacting the ability to operate existing mines, develop new mines or extend the life of existing mines;
- Litigation exposure and regulatory scrutiny either seeking compensation as a result of climate change impacts or forcing greater action on climate change;
- Market risk driving the transition to a lower carbon economy and impacting on supply and demand;
- The substitution of thermal coal for lower emissions technologies;
- Access to capital and insurance markets becoming limited and more costly as suppliers include climate related considerations into their decision-making process and which businesses they engage with;
- Stakeholder exclusion, or the failure to achieve and maintain social acceptance; and
- Increased frequency and severity of extreme weather events which potentially disrupt mining and port operations, and the impact these events have on the health and safety of our workforce.

Further details of our climate-related risks and opportunities will be provided in the Company's 2021 Sustainability Report.

## INSURANCE OF OFFICERS

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

## PROCEEDINGS ON BEHALF OF THE CORPORATION

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

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

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than this and matters outlined 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 Company, to affect substantially the operations or results of the consolidated entity in subsequent financial years.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

### Assets Classified as Held for Sale

The Company reclassified land with a net book value of \$7,115,000 from Property, Plant and Equipment to Assets Classified as Held for Sale during the 2021 financial year. The sale completed on 9 August 2021. A gain of \$5,254,000 was recorded on sale of this land and will be recognised in the Statement of Comprehensive Income in the 2022 financial year.

### Lenton Burton

On 2 August 2021 the Company entered into a Binding Term Sheet to divest 100 per cent of the shares in New Lenton Coal Pty Ltd (which currently holds a 90 per cent interest in the Lenton Joint Venture) to Bowen Coking Coal Limited (ASX: BCB) for an upfront payment of \$20,000,000 plus potential milestone and royalty payments, up to a value of \$77,500,000. The transaction is subject to parties agreeing and entering into formal transaction documents and certain other conditions being satisfied, and as such was not classified as Held for Sale at 31 July 2021.

There are no other events that have occurred since 31 July 2021 which require disclosure.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The activities of the consolidated entity in the 2022 financial year are expected to be similar to those of the 2021 financial year.

The Company will disclose further information on likely developments in the operations of the consolidated entity and the expected results of operations as appropriate.

## CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance statement can be accessed on the New Hope Corporation website at: [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance).

## WORK PLACE COMPLIANCE

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

## SUSTAINABILITY

The Board maintains direct oversight of climate-related risks and opportunities through its Enterprise Risk Management program and is assisted in this by the ARC and HSEPC. Responsibility is delegated to Management for the identification and ongoing management of the opportunities and risks of climate change.

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

Further information on the Company's Sustainability Framework and disclosure will be provided in the Company's 2021 Sustainability Report.

## STATUTORY COMPLIANCE

### Environmental Compliance

During the 2021 financial year, the Company did not receive any Penalty Infringement Notices and was not prosecuted for any breach of environmental laws.

### Mining Lease Compliance

In June 2021, Jeebropilly Collieries Pty Ltd received a penalty notice for \$56,716 under the *Mineral Resources Act (1989)* in relation to historical mining activities at Jeebropilly. All matters are now closed.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## INFORMATION ON DIRECTORS

| MR R.D. MILLNER   NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTOR |   |
|---|---|
| <b>Experience</b>   | Mr Millner is Chairman of the Company's holding company, Washington H. Soul Pattinson and Company Limited (WHSP). Mr Millner joined the Board of New Hope Corporation Limited on 1 December 1995 and was appointed Chairman on 27 November 1998. He has extensive experience in the investment industry.  |
| <b>Other current listed directorships</b>                           | Washington H. Soul Pattinson and Company Limited – Appointed 1984, Chairman since 1998.<br>Apex Healthcare Berhad – Appointed 2000.<br>BKI Investment Company Limited – Appointed 2003, Chairman since 2003.<br>Brickworks Limited – Appointed 1997, Chairman since 1999.<br>Milton Corporation Limited – Appointed 1998, Chairman since 2002.<br>TPG Corporation Limited – Appointed 2000.<br>TPG Telecom Limited – Appointed 2020.<br>TUAS Limited – Appointed 2020.  |
| <b>Former listed directorships in last three years</b>              | Australian Pharmaceutical Industries Limited – Appointed 2000, resigned July 2020.  |
| <b>Special responsibilities</b>                                     | Chairman of the Board.  |
| <b>Interests in shares and options</b>                              | 4,177,774 Ordinary Shares in New Hope Corporation Limited (comprising 204,559 shares directly held and 3,973,215 shares held through family related interests).<br>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.  |
| MR T.J. BARLOW – B.BUS, LLB (HONS)   NON-EXECUTIVE DIRECTOR         |   |
| <b>Experience</b>   | Mr Barlow joined the Board of New Hope Corporation Limited on 22 April 2015. He has been the Managing Director of Washington H. Soul Pattinson and Company Limited since 2015 after joining as Chief Executive Officer in 2014. He was previously the Managing Director of Pitt Capital Partners Limited for five years.<br><br>Mr Barlow has extensive experience in mergers and acquisitions, equity capital markets and investing and has been responsible for a number of WHSP's investments since joining the WHSP Group in 2004. His career has spanned positions in law and investment banking in Sydney and Hong Kong. Mr Barlow has a Bachelor of Business and Bachelor of Laws (Honours) from the University of Technology, Sydney. |
| <b>Other current listed directorships</b>                           | Washington H. Soul Pattinson and Company Limited – Appointed 2015.  |
| <b>Former listed directorships in last three years</b>              | Palla Pharma Limited – Appointed 2015, resigned 2020.   |
| <b>Special responsibilities</b>                                     | Chair of the Nomination Committee<br>Member of the Health, Safety, Environment & People Committee<br>Member of the Audit and Risk Committee.  |
| <b>Interests in shares and options</b>                              | 19,900 Ordinary Shares in New Hope Corporation Limited.<br>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.  |

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## INFORMATION ON DIRECTORS (CONTINUED)

### MS J.E. MCGILL AO – BSC, MBA, GAICD | INDEPENDENT NON-EXECUTIVE DIRECTOR

|  |  |
|--|--|
| <b>Experience</b>                                      | <p>Ms McGill AO was appointed as a Non-Executive Director of the Company on 22 June 2020. She is a highly accomplished Executive and Non-Executive Director with a career spanning 30 years across a range of commodities.</p> <p>She holds a range of roles in the arts sector in South Australia, is a member of the South Australian Premier's Economic Advisory Council, Director of Royal Automobile Association of South Australia, and Non-Executive Director at 29Metals.</p> <p>During her executive career she held senior leadership roles with BHP including leadership of BHP Mitsui Coal and Olympic Dam Corporation.</p> <p>Ms McGill has a Bachelor of Science, an MBA and an honorary doctorate from Adelaide University. She is a Graduate of the Australian Institute of Company Directors.</p> |
| <b>Other current listed directorships</b>              | 29 Metals – Appointed as Non-Executive Director July 2021.   |
| <b>Former listed directorships in last three years</b> | Nil.   |
| <b>Special responsibilities</b>                        | <p>Chair of the Health, Safety, Environment &amp; People Committee</p> <p>Member of the Audit and Risk Committee</p> <p>Member of the Nomination Committee.</p>  |
| <b>Interests in shares and options</b>                 | <p>30,000 Ordinary Shares in New Hope Corporation Limited.</p> <p>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.</p>  |

### MR T.C. MILLNER | NON-EXECUTIVE DIRECTOR

|  |   |
|--|---|
| <b>Experience</b>                                      | <p>Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015. He is Director and Co Portfolio Manager of Contact Asset Management. He is also a Non-Executive Director of Washington H. Soul Pattinson and Company Limited. Mr Millner has extensive experience within the financial services industry, including 19 years in active portfolio management and over 10 years as a Director of Australian publicly listed companies.</p> <p>Mr Millner has a Bachelor of Industrial Design degree and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.</p> |
| <b>Other current listed directorships</b>              | Washington H. Soul Pattinson and Company Limited – Appointed 2011.  |
| <b>Former listed directorships in last three years</b> | Nil.  |
| <b>Special responsibilities</b>                        | Nil.  |
| <b>Interests in shares and options</b>                 | <p>4,004,368 Ordinary Shares in New Hope Corporation Limited (comprising 21,153 directly held shares and 3,983,215 shares held through family related interests).</p> <p>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.</p>  |



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## INFORMATION ON DIRECTORS (CONTINUED)

| MR I.M. WILLIAMS – BEC, LLB   INDEPENDENT NON-EXECUTIVE DIRECTOR                            |  |
|---|--|
| <b>Experience</b>   | <p>Mr Ian Williams was appointed as a Non-Executive Director of the Company on 1 November 2012. Mr Williams is an experienced Non-Executive Director and corporate advisor and was a corporate partner of international law firms Herbert Smith Freehills and Ashurst for 20 years.</p> <p>He is chair of Lindsay Australia and McDonald Jones Homes Group, a Director of National Group Corporation, Spicers Paper, Softbank Robotics Australia, Stoddart Group and Baseball Australia and Vice-President of the Australia Japan Business Co-operation Committee.</p> |
| <b>Other current listed directorships</b>   | Lindsay Australia Limited – Appointed September 2021.  |
| <b>Former listed directorships in last three years</b>                                      | Nil.   |
| <b>Special responsibilities</b>   | <p>Chair of the Audit and Risk Committee</p> <p>Member of the Health, Safety, Environment &amp; People Committee</p> <p>Member of Nomination Committee.</p>  |
| <b>Interests in shares and options</b>  | <p>Nil Ordinary Shares in New Hope Corporation Limited.</p> <p>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.</p>   |
| MR W.H. GRANT OAM – FAICD, ALGA   INDEPENDENT NON-EXECUTIVE DIRECTOR UNTIL 17 NOVEMBER 2020 |  |
| <b>Experience</b>   | <p>Mr Grant has over 35 years' experience in project management, corporate and fiscal governance, local government administration and strategic planning. He joined the Board of New Hope Corporation Limited on 25 May 2006. Mr Grant retired 17 November 2020.</p>   |
| <b>Other current listed directorships</b>   | Nil.   |
| <b>Former listed directorships in last three years</b>                                      | Nil.   |
| <b>Special responsibilities</b>   | <p>Chair of the Health, Safety, Environment &amp; People Committee – Retired 17 November 2020</p> <p>Chair of the Bridgeport Energy Limited Board – Retired 17 November 2020</p> <p>Member of the Nomination Committee – Retired 17 November 2020</p> <p>Member of the Audit and Risk Committee – Retired 17 November 2020.</p>  |
| <b>Interests in shares and options</b>  | <p>30,000 Ordinary Shares in New Hope Corporation Limited as at 17 November 2020; the date he ceased as KMP.</p> <p>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.</p>  |

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## INFORMATION ON DIRECTORS (CONTINUED)

### MR S.O. STEPHAN – B.BUS (DIST), MBA (AGSM), MAUSIMM | MANAGING DIRECTOR UNTIL 31 AUGUST 2020

|  |  |
|--|--|
| <b>Experience</b>                                      | Mr Stephan has over 30 years' experience in the coal mining industry including senior line management roles. He commenced with New Hope as Chief Financial Officer in 2009. He was appointed Chief Executive Officer on 1 February 2014 and Managing Director on 20 November 2014. Mr Stephan retired on 31 August 2020. |
| <b>Other current listed directorships</b>              | Nil.   |
| <b>Former listed directorships in last three years</b> | Nil.   |
| <b>Special responsibilities</b>                        | Chief Executive Officer – Appointed 1 February 2014 and retired 31 August 2020<br>Managing Director – Appointed 20 November 2014 and retired 31 August 2020.   |
| <b>Interests in shares and options</b>                 | 906,234 Ordinary Shares in New Hope Corporation Limited (comprising 896,234 held directly and 10,000 Ordinary Shares held by family related interests) as at 31 August 2020; the date he ceased as KMP.<br>Nil Options or Performance Rights over Ordinary Shares in New Hope Corporation Limited.                       |

## COMPANY SECRETARY

### MR R.J. BISHOP – B.COMM, B.BUS (MAR), GAICD | COMPANY SECRETARY APPOINTED 17 NOVEMBER 2020

Mr Bishop joined the Company in 2019 as General Manager of Corporate Development and in 2020 and was appointed Chief Financial Officer and Company Secretary, assuming responsibility for the Group's finance and Company secretarial functions.

Mr Bishop has more than 20 years' experience in the resources and manufacturing sectors. Prior to joining the Company, Mr Bishop was Chief Financial Officer and Company Secretary of AMCI Investments Pty Ltd and is a Graduate of the Australian Institute of Company Directors.

### MS J.S. MOODY – B.BUS (DIST), LLB (HONS), GRAD. DIP. LEGAL PRACTICE, GAICD, FGIA | COMPANY SECRETARY UNTIL 17 NOVEMBER 2020

Ms Moody was appointed Company Secretary and Joint Venture Manager on 31 May 2016. She was appointed General Counsel on 1 May 2018 and Executive General Manager Legal on 1 January 2019. Ms Moody ceased being Company Secretary on 17 November 2021 and has departed the Company.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT

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

### PERSONS ADDRESSED AND SCOPE OF THE REMUNERATION REPORT

The Remuneration Report sets out the remuneration information of the Company's Key Management Personnel (KMP) in accordance with section 300A of the Corporations Act 2001 and associated regulations. KMP are defined as those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

The names and positions held by the Company's KMPs in office at any time during the 2021 financial year are outlined below:

| NAME                 | POSITIONS HELD   | COMMENCED   | CEASED      |
|----------------------|--|-------------|-------------|
| <b>Directors</b>     |  |             |             |
| Mr R.D. Millner      | Non-Executive Director   | 01 Dec 1995 |             |
|                      | Chair  | 27 Nov 1998 |             |
| Mr T.J. Barlow       | Non-Executive Director   | 22 Apr 2015 |             |
|                      | Chair of the Nomination Committee                                      | 24 Apr 2016 |             |
| Ms J.E. McGill AO    | Independent Non-Executive Director                                     | 22 Jun 2020 |             |
|                      | Chair of the Health, Safety, Environment, and People Committee (HSEPC) | 17 Nov 2020 |             |
| Mr T.C. Millner      | Non-Executive Director   | 16 Dec 2015 |             |
| Mr I.M. Williams     | Independent Non-Executive Director                                     | 01 Nov 2012 |             |
|                      | Chair of the Audit and Risk Committee (ARC) <sup>1</sup>               | 25 Nov 2019 |             |
|                      | Non-Executive Director of Controlled Subsidiary                        | 02 Sep 2019 |             |
| Mr W.H. Grant OAM    | Independent Non-Executive Director                                     | 25 May 2006 | 17 Nov 2020 |
|                      | Chair of the HSEPC   | 15 Nov 2007 | 17 Nov 2020 |
|                      | Chair of Controlled Subsidiary   | 17 Mar 2014 | 17 Nov 2020 |
| <b>Executive KMP</b> |  |             |             |
| Mr R.H. Schmidt      | Chief Executive Officer (CEO)  | 01 Sep 2020 |             |
| Mr R.J. Bishop       | Chief Financial Officer (CFO) <sup>2</sup>                             | 01 Aug 2020 |             |
|                      | Company Secretary  | 17 Nov 2020 |             |
| Mr S.O. Stephan      | Managing Director (MD)   | 01 Feb 2014 | 31 Aug 2020 |
|                      | Chief Executive Officer (CEO)  | 20 Nov 2014 | 31 Aug 2020 |
| Mr A.L. Boyd         | Chief Operating Officer (COO)  | 19 Dec 2015 | 31 Dec 2020 |
| Mr B.C. Armitage     | Chief Development Officer (CDO)  | 01 Feb 2019 | 27 Nov 2020 |

1 Mr I.M. Williams was Acting Chair of the ARC for the period from 25 November 2019 to 22 October 2020.

2 Mr R.J. Bishop was Acting CFO for the period from 1 August 2020 to 22 October 2020.

### REMUNERATION GOVERNANCE

The performance of the Company can only be achieved by identifying and retaining high calibre Directors and Executives with appropriate experience and capability. Developing an appropriate remuneration strategy is a key factor in ensuring employees are engaged and motivated to perform over the long-term.

The Board maintains overall responsibility for the remuneration of the Executive KMP and ensures the structures are competitive and aligned with the long-term interests of the Company and shareholders. While the Board maintains overall responsibility and approval for the Executive KMP remuneration, it delegates oversight to the HSEPC (previously known as the Human Resources and Remuneration Committee) to regularly review, report and make recommendations to the Board in relation to remuneration.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

To ensure that remuneration is consistent with current industry practices, the HSEPC seeks and considers advice from a wide range of sources including:

- Shareholders;
- External remuneration consultants;
- Other experts and independent consultants;
- Legal advisors;
- Management; and
- Independent surveys, reviews, market information and reports.

Advice from other experts and independent consultants will typically cover Non-Executive Director fees, Executive KMP remuneration and pay structures and equity plans.

No remuneration recommendations were received in the 2021 financial year as defined by the Corporations Act 2001.

## EMPLOYMENT CONTRACTS

Employment contracts with the Executive KMP detail the individual terms and conditions of employment. They provide for a cash salary, superannuation and non-cash benefits, details of which are provided below and on page 30 of this report. Executive KMP may elect to salary sacrifice a portion of their cash salary into superannuation or other benefits. The details of key employment terms are detailed below.

| NAME                         | TERM OF AGREEMENT AND NOTICE PERIOD <sup>1</sup> | BASE REMUNERATION PLUS SUPERANNUATION | TERMINATION PAYMENTS <sup>2</sup> |
|------------------------------|--|---------------------------------------|-----------------------------------|
| <b>Current Executive KMP</b> |  |                                       |                                   |
| Mr R.H. Schmidt              | No fixed-term   six month notice period          | 1,500,000 <sup>3</sup>                | Six months' base remuneration     |
| Mr R.J. Bishop               | No fixed-term   three month notice period        | 595,000 <sup>3</sup>                  | Three months' base remuneration   |
| <b>Former Executive KMP</b>  |  |                                       |                                   |
| Mr S.O. Stephan              | No fixed-term   six month notice period          | 1,500,000                             | Six months' base remuneration     |
| Mr A.L. Boyd                 | No fixed-term   three month notice period        | 851,160                               | Three months' base remuneration   |
| Mr B.C. Armitage             | No fixed-term   three month notice period        | 616,000                               | Three months' base remuneration   |

1 This notice applies equally to all parties.

2 Base salary is payable if the Company terminates Executive KMP with notice and without cause (e.g. for reasons other than unsatisfactory performance) as defined in their employment contracts. In the event of summary termination, it is without notice or payment in lieu.

3 Fixed remuneration quoted is current as at 31 July 2021 and is reviewed annually by the HSEPC.

## REMUNERATION STRUCTURE – NON-EXECUTIVE DIRECTORS

Remuneration of Non-Executive Directors is determined by the Board with reference to market rates for comparable companies and reflective of the responsibilities and commitment required of the Non-Executive Director.

Non-Executive Directors are paid within an aggregate fee limit approved by shareholders. The current limit is \$1,750,000 per financial year and was approved by shareholders on 15 November 2012. In the 2021 financial year, the aggregate amount expended for Non-Executive Directors' remuneration was at 56 per cent of this limit. The Board will not seek an increase to the aggregate fee limit at the 2021 Annual General Meeting (AGM).



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### REMUNERATION STRUCTURE – NON-EXECUTIVE DIRECTORS (CONTINUED)

Non-Executive Directors are paid a fixed annual fee (inclusive of superannuation where relevant) and do not participate in any performance-related incentive awards or receive shares or share options. Non-Executive Directors do not receive retirement benefits other than inclusive superannuation payments. Non-Executive Director fees currently consist of base fees for the Chair and Non-Executive Directors of the Board and fees for the Chairs and Members of the HSEPC and ARC. Fees paid to Non-Executive Directors are set out in the table below.

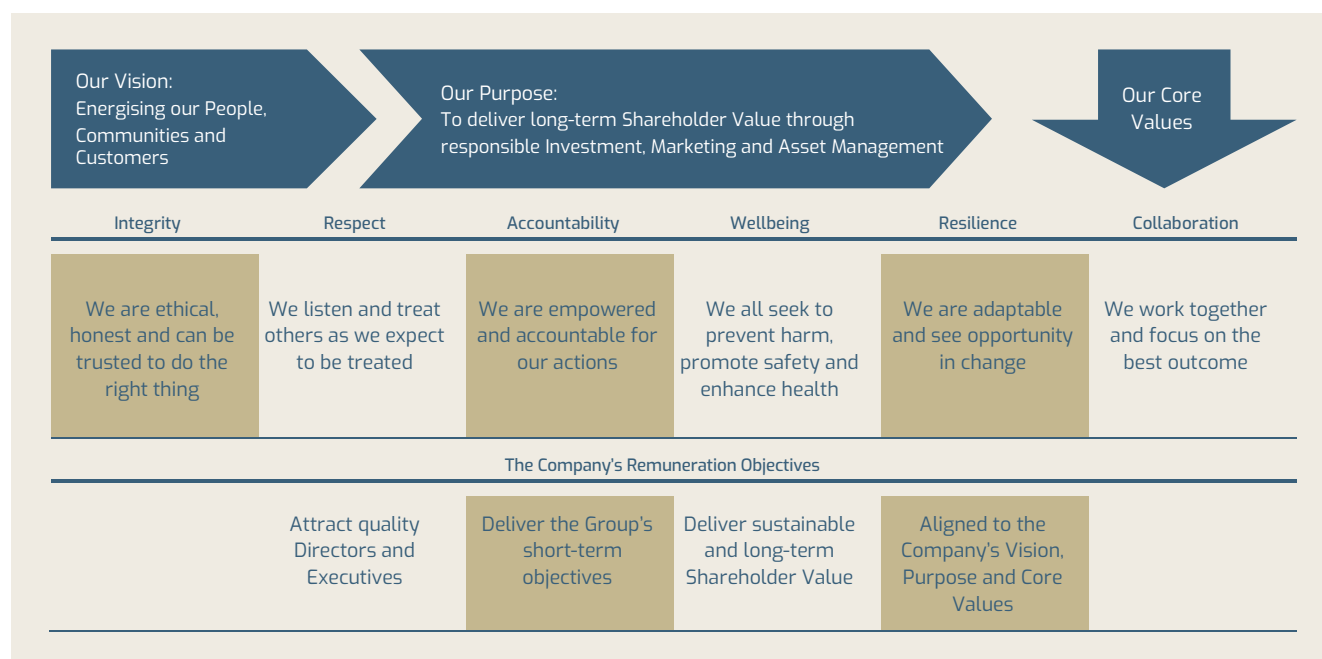
|                         | BOARD   | AUDIT AND RISK COMMITTEE | HEALTH, SAFETY, ENVIRONMENT, AND PEOPLE COMMITTEE | NOMINATION COMMITTEE | CONTROLLED SUBSIDIARY |
|-------------------------|---------|--------------------------|---|----------------------|-----------------------|
| <b>2021<sup>1</sup></b> |         |                          |   |                      |                       |
| Chair                   | 240,992 | 54,771                   | 17,263  | n/a                  | 47,159                |
| Member <sup>2</sup>     | 142,404 | 10,954                   | 10,954  | n/a                  | 32,863                |
| <b>2020</b>             |         |                          |   |                      |                       |
| Chair                   | 240,900 | 54,750                   | 17,256  | n/a                  | 47,141                |
| Member                  | 142,350 | n/a                      | n/a   | n/a                  | 32,850                |

1 On 1 July 2021, the superannuation guarantee percentage increased from 9.5 per cent to 10.0 per cent. 2021 fees include this increase for one month of the 2021 financial year.

2 During the 2021 financial year, the Board introduced fees for Members of the HSEPC and ARC. The fees recognised the additional time commitment required by Non-Executive Directors who serve on Board Committees.

### REMUNERATION STRUCTURE – EXECUTIVE KMP

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



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

The following table summarises the Company's policy regarding Executive KMP remuneration.

|                             | TOTAL FIXED REMUNERATION (TFR)   | SHORT-TERM INCENTIVE (STI)   | LONG-TERM INCENTIVE (LTI)   |
|-----------------------------|--|--|---|
| <b>Purpose</b>              | To attract, motivate and retain Executive KMP with the appropriate experience and capabilities to deliver our Vision and Purpose in accordance with our Core Values.                       | Create a strong link between performance and reward over the short to medium-term.<br><br>Focus the attention on delivering against short-term goals that underpin the success of the Company.                     | Create a strong link between performance and reward over the long-term. Encourage sustainable, long-term value creation through equity ownership. Align the long-term interests of shareholders with the Executive KMP who have a key role in influencing the creation of long-term value.  |
| <b>Link to Performance</b>  | Motivate Executive KMP to drive a strong and positive culture and deliver on the business strategy.  | Strategic annual objectives embedded in each Executive KMP's personalised scorecard.   | Performance hurdles are set by the Board over three-year periods to deliver sustained shareholder value.  |
| <b>Performance Measures</b> | Individual accountabilities that support the execution of the business strategy. The Executive KMP receive a fixed amount which is recommended annually by the HSEPC and set by the Board. | Individual performance indicators are based upon the short-term requirements of the role and the Company.<br><br>Company key performance indicators (KPIs) which link performance to short-term business strategy. | Long-term Company performance is measured by the Total Shareholder Return (TSR) achieved by the Company over a three-year period relative to the net total return of the ASX index of which the Company is a member.<br><br>Individual performance indicators are based upon the long-term requirements of the role and needs of the Company. |
| <b>Delivery</b>             | Competitive market based fixed remuneration comprising base salary, superannuation, and other non-cash benefits relating to motor vehicles.  | Limited cash bonuses are payable where set performance targets are achieved for the relevant financial year.   | Performance Rights granted up to award size limits convert to Ordinary Shares after a defined vesting period and upon meeting required performance hurdles and satisfying the requisite service conditions.   |

### TOTAL FIXED REMUNERATION STRUCTURE

TFR is based on the position, scope and leadership accountability of the KMP. TFR is determined by a process of review of Company and individual experience, relevant comparative remuneration both in the market and internally, and, where appropriate, external independent advice on remuneration structure, policies and practices.

### SHORT-TERM AND LONG-TERM INCENTIVE STRUCTURES

The Board considers the use of STI and LTI as reasonable means of remunerating Executive KMP on the basis they:

- Encourage Executive KMP to achieve objectives linked to shareholder value creation;
- Create a strong link between performance and reward;
- Provide flexibility to the Company to actively manage the way in which it remunerates and incentivises Executive KMP; and
- Contribute to the attraction and retention of skilled talent in a competitive market.

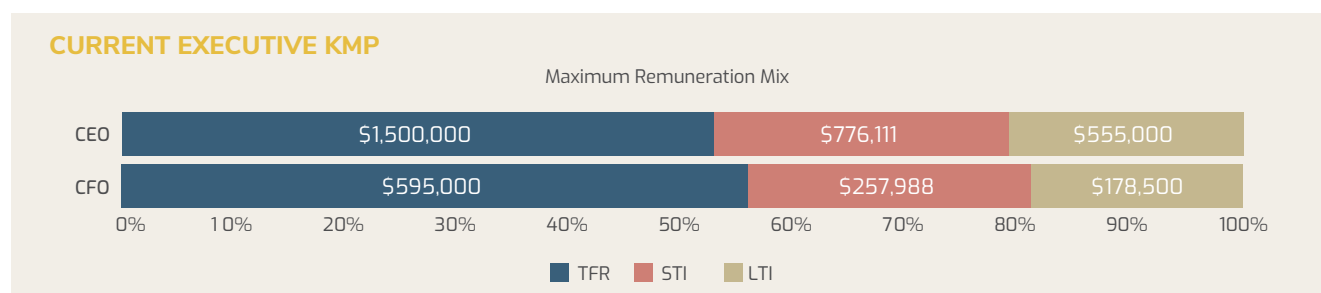
# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### SHORT-TERM AND LONG-TERM INCENTIVE STRUCTURES (CONTINUED)

The following diagram sets out the maximum remuneration mix of TFR, STI award and LTI award value at grant for the Executive KMP for the 2021 financial year.



### VARIABLE EXECUTIVE REMUNERATION – SHORT-TERM INCENTIVES

| ASPECT                                  | DESCRIPTION  |
|---|--|
| Form of Award                           | Cash bonus payment.  |
| Performance Period                      | The Company's financial year (12 months).  |
| STI Award size                          | The target award payable to each Executive KMP is currently between 30 per cent and 35 per cent of their base salary, depending on the role.<br>The maximum award payable to each Executive KMP at stretch performance is between 45 per cent and 52.5 per cent of their base salary, depending on the role.                         |
| Award Determination and Payment         | STI award is determined following a review of performance over the year against the Company and individual KPIs as assessed by the CEO and the Board.<br>Awards will generally be paid in cash in the month of October following the end of the Performance Period.  |
| Gate                                    | Individual performance levels must meet or exceed expectations to be eligible for any STI award.   |
| Cessation of Employment During a Period | Generally, no STI will be awarded for the current or prior Performance Period if cessation of employment occurs prior to October. The Board retains absolute discretion to award some or all the STI entitlement to Executive KMP.   |
| Company and Individual KPIs             | The Company KPIs reference Group Profit, Group Sales, Group Costs and Group Safety. The Individual KPIs include specific safety, operational, project and strategic KPIs which are assessed on a scorecard basis in addition to the level of demonstration of the Company's Core Values and behaviours. KPI components are weighted. |

The Board assessed each Executive KMP against their respective Company and individual KPIs for the 2021 financial year. The HSEPC considers that the Executive KMP have executed the Company's strategy. Overall Company performance achieved target. Individual KPIs were achieved at stretch performance having particular regard to the successful business transformation achieved. Details of the Executive KMPs' STI awards in relation to the 2021 financial year are set out below.

|                              | STI MAXIMUM<br>\$ | STI PAYABLE<br>\$ | STI PAYABLE<br>% | STI FORFEITED<br>\$ | STI FORFEITED<br>% |
|------------------------------|-------------------|-------------------|------------------|---------------------|--------------------|
| <b>Current Executive KMP</b> |                   |                   |                  |                     |                    |
| Mr R.H. Schmidt <sup>1</sup> | 776,111           | 595,019           | 77%              | 181,092             | 23%                |
| Mr R.J. Bishop <sup>2</sup>  | 257,988           | 206,412           | 80%              | 51,576              | 20%                |

1 CEO KPI criteria components are weighted 70 per cent Company performance, 30 per cent individual performance.

2 CFO KPI criteria components are weighted 60 per cent Company performance, 40 per cent individual performance.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### VARIABLE EXECUTIVE REMUNERATION – LONG-TERM INCENTIVES

At the commencement of a new performance period, the Executive KMP are issued with Performance Rights up to their respective maximum LTI award value at grant date related to their individual role in line with the LTI plan.

| ASPECT  | DESCRIPTION   |
|---|---|
| Form of LTI Award                                 | Performance Rights which will convert to Ordinary Shares conditional upon the satisfaction of both performance and service vesting conditions. The number of Performance Rights are calculated utilising 5 day VWAP up to and including Date of Award. Performance Rights carry no entitlement to voting or dividends prior to converting to Ordinary Shares.   |
| LTI Award Size                                    | The maximum LTI award value for each Executive KMP is currently between 30 per cent and 37 per cent of their TFR, depending on the role.  |
| Date of LTI Award                                 | 1 August annually.  |
| Performance Period                                | Three years from the Date of Award. For the LTI awards relating to the 2021 financial year, the Performance Period is from 1 August 2020 to 31 July 2023.   |
| Service Period                                    | The Executive KMP must remain an employee of the Company during the Performance Period and for an additional 12 months post the Performance Period to be eligible for LTI award vesting. For the LTI awards relating to the 2021 financial year the Service Period is from 1 August 2020 to 31 July 2024.   |
| Cessation of Employment During the Service Period | Generally, all unvested LTI awards will be forfeited if employment ceases prior to the completion of the Service Period. The Board in its absolute discretion may allow LTI awards to vest in the circumstances where a participant dies, total or permanent disability occurs or retirement after the age of 55 years.   |
| Retesting   | There is no retesting applicable to LTI award.  |
| LTI Award Determination and Vesting               | The Board ultimately decides what percentage of LTI award will be issued per LTI series. All vesting conditions must be satisfied for the Performance Rights to be converted to Ordinary Shares. Performance Rights that are not converted to Ordinary Shares will lapse. The LTI awards for the 2021 LTI series include two separate performance criteria described below: <ul style="list-style-type: none"> <li>• Long-term Company performance measured by the TSR achieved by the Company during the Performance Period relative to the net total return of the ASX index of which the Company is a member (75 per cent weighting of Performance Rights)</li> <li>• Individual Executive KMP performance indicators set specifically with reference to the Company's strategic plan and objectives, and the requirements of the role (25 per cent weighting of Performance Rights).</li> </ul> |
| Gate  | Individuals must achieve or exceed performance hurdles and satisfy requisite service conditions to be granted any LTI award.  |

#### 2021 LTI series

On 4 December 2020, the Company issued 547,225 Performance Rights to Executive KMP in line with the LTI Plan Rules outlined above.

#### Prior period LTI series

Performance Rights granted under the 2018, 2019 and 2020 LTI series issued to Executive KMP were forfeited during the 2021 financial year as a result of service conditions not being satisfied.



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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### VARIABLE EXECUTIVE REMUNERATION — LONG-TERM INCENTIVES (CONTINUED)

Performance Rights granted under the 2017 LTI series covered the Performance Period 1 August 2016 to 31 July 2019 and the Service Period 1 August 2016 to 31 July 2020. The HSEPC assessed the vesting criteria in accordance with the LTI Plan. For the 2017 LTI award series, the Company achieved strong TSR performance of over 125 per cent measured over the three-year Performance Period against the ASX 200 Net Total Return Index, resulting in the maximum 75 per cent weighted company performance component vesting. The Board assessed the individual Executive KMP performance against long-term strategic plans and objectives and the requirements of the role annually over the three-year Performance Period. Assessment outcomes were then averaged resulting in a performance score out of 25 for each Executive KMP. This result ranged from 18 to 21 out of 25, or 72 to 84 per cent of the individual performance component of 25 per cent weighting. The Performance Rights were then subject to an additional 12-month Service Period, following which LTI awards vested resulting in the relevant Performance Rights converting into Ordinary Shares in August 2020.

The Board is satisfied that the 2017 LTI award series outcomes are aligned with the delivery of the Company's strategy over the 2017–2020 period and were effective to encourage and deliver sustainable, long-term value creation through equity ownership.

### VARIABLE REMUNERATION OUTCOMES

The HSEPC is of the view that the Executive KMP are executing the Company's strategy. Refer to the Remuneration — Statutory Tables page 35 which detail the actual remuneration paid to each Executive KMP in the 2021 financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### REMUNERATION – STATUTORY TABLES

Details of the remuneration of Directors and the Executive KMP of the Company during the 2021 financial year are set out below.

|                                      | SHORT-TERM BENEFITS  |                |                                | LONG-TERM BENEFITS | POST-EMPLOYMENT              | OTHER                             | SHARE-BASED PAYMENTS  | TOTAL \$         |
|--------------------------------------|----------------------|----------------|--------------------------------|--------------------|------------------------------|-----------------------------------|-----------------------|------------------|
|                                      | CASH SALARY AND FEES | CASH BONUS     | NON-CASH BENEFITS <sup>1</sup> | LONG SERVICE LEAVE | SUPER-ANNUATION <sup>2</sup> | TERMINATION BENEFITS <sup>3</sup> | EQUITY SETTLED SHARES |                  |
| <b>2021</b>                          |                      |                |                                |                    |                              |                                   |                       |                  |
| <b>Non-Executive Directors</b>       |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr R.D. Millner                      | 220,000              | –              | –                              | –                  | 20,992                       | –                                 | –                     | 240,992          |
| Mr T.J. Barlow <sup>4</sup>          | 130,000              | –              | –                              | –                  | 12,404                       | –                                 | –                     | 142,404          |
| Ms J.E. McGill AO                    | 153,839              | –              | –                              | –                  | 14,680                       | –                                 | –                     | 168,519          |
| Mr T.C. Millner                      | 130,000              | –              | –                              | –                  | 12,404                       | –                                 | –                     | 142,404          |
| Mr I.M. Williams                     | 220,000              | –              | –                              | –                  | 20,992                       | –                                 | –                     | 240,992          |
| Mr W.H. Grant OAM <sup>5</sup>       | 46,357               | –              | –                              | –                  | 4,404                        | –                                 | –                     | 50,761           |
| <b>Total Non-Executive Directors</b> | <b>900,196</b>       | <b>–</b>       | <b>–</b>                       | <b>–</b>           | <b>85,876</b>                | <b>–</b>                          | <b>–</b>              | <b>986,072</b>   |
| <b>Executive Directors</b>           |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr S.O. Stephan <sup>5,6</sup>       | 114,187              | –              | 34,280                         | 2,036              | 3,616                        | –                                 | (32,753)              | 121,366          |
| <b>Other KMP</b>                     |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr R.H. Schmidt <sup>5</sup>         | 1,355,848            | 595,019        | 113,904                        | 24,402             | 22,163                       | –                                 | 50,044                | 2,161,380        |
| Mr R.J. Bishop <sup>5,6</sup>        | 541,460              | 206,412        | 18,323                         | 12,387             | 24,648                       | –                                 | 16,095                | 819,325          |
| Mr A.L. Boyd <sup>5,6</sup>          | 303,467              | –              | 125,734                        | 5,547              | 9,039                        | 519,349                           | (147,790)             | 815,346          |
| Mr B.C. Armitage <sup>5,6</sup>      | 180,765              | –              | 7,941                          | (41,059)           | 9,039                        | 400,008                           | (69,798)              | 486,896          |
| <b>Total Other KMP</b>               | <b>2,381,540</b>     | <b>801,431</b> | <b>265,902</b>                 | <b>1,277</b>       | <b>64,889</b>                | <b>919,357</b>                    | <b>(151,449)</b>      | <b>4,282,947</b> |
| <b>Total Remuneration</b>            | <b>3,395,923</b>     | <b>801,431</b> | <b>300,182</b>                 | <b>3,313</b>       | <b>154,381</b>               | <b>919,357</b>                    | <b>(184,202)</b>      | <b>5,390,385</b> |

1 Non-cash benefits include movements in annual leave provisions and fringe benefit tax incurred by the Company.

2 Superannuation guarantee requirements for the 2021 and 2020 financial years are in line with the Australian Taxation Office's legislated requirements.

3 Termination payments aligned to contractual terms and conditions and finalised in individual deed of release.

4 Mr T.J. Barlow's base salary excludes Committee fees of \$20,000 (2020: \$20,000) for his services as Member of the Audit and Risk Committee and Member of the Health, Safety, Environment, and People Committee. He has elected to waive his remuneration for these services.

5 Individuals who commenced or ceased as KMP during the 2021 financial year. Refer to page 28 for commencement and cessation dates.

6 A temporary part-time arrangement (nine-day fortnight) was implemented as a cost saving initiative in response to the impact of the COVID-19 pandemic, reducing base salaries from 1 July 2020 to 31 December 2020 by approximately 10 per cent.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

Details of the remuneration of Directors and the Executive KMP of the Company during the 2020 financial year are set out below.

### REMUNERATION – STATUTORY TABLES (CONTINUED)

|  | SHORT-TERM BENEFITS  |                |                                | LONG-TERM BENEFITS | POST-EMPLOYMENT              | OTHER                             | SHARE-BASED PAYMENTS  | TOTAL \$         |
|--|----------------------|----------------|--------------------------------|--------------------|------------------------------|-----------------------------------|-----------------------|------------------|
|  | CASH SALARY AND FEES | CASH BONUS     | NON-CASH BENEFITS <sup>1</sup> | LONG SERVICE LEAVE | SUPER-ANNUATION <sup>2</sup> | TERMINATION BENEFITS <sup>3</sup> | EQUITY SETTLED SHARES |                  |
| <b>2020</b>                            |                      |                |                                |                    |                              |                                   |                       |                  |
| <b>Non-Executive Directors</b>         |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr R.D. Millner                        | 300,514              | –              | –                              | –                  | 20,307                       | –                                 | –                     | 320,821          |
| Mr T.J. Barlow                         | 140,848              | –              | –                              | –                  | 13,381                       | –                                 | –                     | 154,229          |
| Ms J.E. McGill AO <sup>7</sup>         | 14,333               | –              | –                              | –                  | 1,362                        | –                                 | –                     | 15,695           |
| Mr T.C. Millner                        | 140,848              | –              | –                              | –                  | 13,381                       | –                                 | –                     | 154,229          |
| Mr I.M. Williams                       | 203,348              | –              | –                              | –                  | 18,332                       | –                                 | –                     | 221,680          |
| Mr W.H. Grant OAM <sup>8</sup>         | 431,918              | –              | –                              | –                  | 41,032                       | –                                 | –                     | 472,950          |
| <b>Total Non-Executive Directors</b>   | <b>1,231,809</b>     | <b>–</b>       | <b>–</b>                       | <b>–</b>           | <b>107,795</b>               | <b>–</b>                          | <b>–</b>              | <b>1,339,604</b> |
| <b>Executive Directors</b>             |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr S.O. Stephan <sup>9</sup>           | 1,420,609            | 370,800        | 19,665                         | 5,796              | 17,560                       | –                                 | (49,142)              | 1,785,288        |
| <b>Other KMP</b>                       |                      |                |                                |                    |                              |                                   |                       |                  |
| Mr A.L. Boyd                           | 775,849              | 220,000        | 40,986                         | 550                | 17,560                       | –                                 | 163,455               | 1,218,400        |
| Mr B.C. Armitage                       | 561,237              | 102,500        | (16,285)                       | 1,136              | 18,901                       | –                                 | 77,769                | 745,258          |
| <b>Total Other KMP</b>                 | <b>1,337,086</b>     | <b>322,500</b> | <b>24,701</b>                  | <b>1,686</b>       | <b>36,461</b>                | <b>–</b>                          | <b>241,224</b>        | <b>1,963,658</b> |
| <b>Total Remuneration<sup>10</sup></b> | <b>3,989,504</b>     | <b>693,300</b> | <b>44,366</b>                  | <b>7,482</b>       | <b>161,816</b>               | <b>–</b>                          | <b>192,082</b>        | <b>5,088,550</b> |

1 Non-cash benefits include movements in annual leave provisions and fringe benefit tax incurred by the Company.

2 Superannuation guarantee requirements for the 2021 and 2020 financial years are in line with the Australian Taxation Office's legislated requirements.

3 Termination payments aligned to contractual terms and conditions and finalised in individual deed of release.

4 Mr T.J. Barlow's base salary excludes Committee fees of \$20,000 (2020: \$20,000) for his services as Member of the Audit and Risk Committee and Member of the Health, Safety, Environment, and People Committee. He has elected to waive his remuneration for these services.

5 Individuals who commenced or ceased as KMP during the 2021 financial year. Refer to page 28 for commencement and cessation dates.

6 A temporary part-time arrangement (nine-day fortnight) was implemented as a cost saving initiative in response to the impact of the COVID-19 pandemic, reducing base salaries from 1 July 2020 to 31 December 2020 by approximately 10 per cent.

7 Ms J.E. McGill AO was appointed to the Board effective 22 June 2020.

8 Remuneration for W.H Grant OAM includes fees associated with his role as Chair of the Board of a New Hope controlled subsidiary. It was determined in the 2020 financial year to remunerate W.H Grant OAM for performing his role in prior periods. This was made up of the following: \$43,051 in Directors fees and \$4,090 superannuation for each of the financials years from 2015 to 2019 and \$16,172 in Directors fees and \$1,536 superannuation for the 2014 financial year.

9 Included in the 2020 Cash Bonus, paid in October 2019, is \$800 relating to the 2018 Cash STI awarded in respect of performance during the 2018 financial year.

10 Excludes 2020 KMP where there was no remuneration provided during the 2021 financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### SHARE-BASED COMPENSATION

The terms and conditions of each LTI award series awarded to Executive KMP in the current or future reporting periods and the associated pricing model inputs are detailed in the table below.

| NAME                          | LTI SERIES | GRANT DATE | VESTING DATE | NUMBER GRANTED | VALUE PER SHARE <sup>1</sup> | NUMBER VESTED | VESTED % | NUMBER FORFEITED | FORFEITED % | NUMBER LAPSED | LAPSED % | TOTAL AWARD VALUE IN FUTURE FINANCIAL YEARS <sup>2</sup> |
|-------------------------------|------------|------------|--------------|----------------|------------------------------|---------------|----------|------------------|-------------|---------------|----------|--|
| Mr S.O. Stephan <sup>3</sup>  | 2017       | Mar-18     | Aug-20       | 263,158        | \$1.23                       | (247,369)     | 94%      | –                | –           | (15,789)      | 6%       | –  |
| Mr R.H. Schmidt               | 2021       | Dec-20     | Aug-24       | 414,056        | \$0.76                       | –             | –        | –                | –           | –             | –        | 314,683  |
| Mr R.J. Bishop                | 2021       | Dec-20     | Aug-24       | 133,169        | \$0.76                       | –             | –        | –                | –           | –             | –        | 101,208  |
| Mr A.L. Boyd <sup>4</sup>     | 2017       | Mar-18     | Aug-20       | 131,049        | \$1.23                       | (125,807)     | 96%      | –                | –           | (5,242)       | 4%       | –  |
|                               | 2018       | Mar-19     | Aug-21       | 85,134         | \$1.47                       | –             | –        | (85,134)         | 100%        | –             | –        | –  |
|                               | 2019       | Nov-19     | Aug-22       | 112,611        | \$0.87                       | –             | –        | (112,611)        | 100%        | –             | –        | –  |
|                               | 2020       | Nov-19     | Aug-23       | 112,611        | \$0.99                       | –             | –        | (112,611)        | 100%        | –             | –        | –  |
| Mr B.C. Armitage <sup>5</sup> | 2017       | Mar-18     | Aug-20       | 62,230         | \$1.23                       | (59,119)      | 95%      | –                | –           | (3,111)       | 5%       | –  |
|                               | 2018       | Mar-19     | Aug-21       | 32,843         | \$1.47                       | –             | –        | (32,843)         | 100%        | –             | –        | –  |
|                               | 2019       | Nov-19     | Aug-22       | 62,370         | \$0.87                       | –             | –        | (62,370)         | 100%        | –             | –        | –  |
|                               | 2020       | Nov-19     | Aug-23       | 69,058         | \$0.99                       | –             | –        | (69,058)         | 100%        | –             | –        | –  |

1 Fair value at grant date is independently determined using the Black-Scholes options pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

2 Calculated with reference to the grant date fair value.

3 Ceased as KMP 31 August 2020.

4 Ceased as KMP 31 December 2020.

5 Ceased as KMP 27 November 2020.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## REMUNERATION REPORT (CONTINUED)

### EQUITY HOLDINGS

The tables below show the number of Performance Rights and shares in New Hope Corporation Limited that were held during the 2021 financial year by KMP and their related parties either directly, indirectly or beneficially.

#### Performance Rights Holdings

| NAME                          | BALANCE AT THE START OF THE YEAR | GRANTED AS REMUNERATION | VESTED    | FORFEITED | LAPSED   | BALANCE AT THE END OF THE YEAR | UNVESTED |
|-------------------------------|----------------------------------|-------------------------|-----------|-----------|----------|--------------------------------|----------|
| Mr S.O. Stephan <sup>1</sup>  | 263,158                          | –                       | (247,369) | –         | (15,789) | –                              | –        |
| Mr R.H. Schmidt               | –                                | 414,056                 | –         | –         | –        | 414,056                        | 414,056  |
| Mr R.J. Bishop                | –                                | 133,169                 | –         | –         | –        | 133,169                        | 133,169  |
| Mr A.L. Boyd <sup>2</sup>     | 441,405                          | –                       | (125,807) | (310,356) | (5,242)  | –                              | –        |
| Mr B.C. Armitage <sup>3</sup> | 226,501                          | –                       | (59,119)  | (164,271) | (3,111)  | –                              | –        |

1 Ceased as KMP 31 August 2020.

2 Ceased as KMP 31 December 2020.

3 Ceased as KMP 27 November 2020.

#### Shareholding

| NAME                           | BALANCE AT THE START OF THE YEAR | PURCHASED/ (SOLD) | RECEIVED ON THE VESTING OF PERFORMANCE RIGHTS | CEASED AS KMP | BALANCE AT THE END OF THE YEAR |
|--------------------------------|----------------------------------|-------------------|---|---------------|--------------------------------|
| Mr R.D. Millner                | 4,177,774                        | –                 | –   | –             | 4,177,774                      |
| Mr T.J. Barlow                 | 19,900                           | –                 | –   | –             | 19,900                         |
| Ms J.E. McGill AO              | –                                | 30,000            | –   | –             | 30,000                         |
| Mr T.C. Millner                | 3,994,368                        | 10,000            | –   | –             | 4,004,368                      |
| Mr I.M. Williams               | 38,087                           | (38,087)          | –   | –             | –                              |
| Mr W.H. Grant OAM <sup>1</sup> | 30,000                           | –                 | –   | (30,000)      | –                              |
| Mr S.O. Stephan <sup>2</sup>   | 673,865                          | –                 | 247,369                                       | (921,234)     | –                              |
| Mr A.L. Boyd <sup>3</sup>      | 156,925                          | –                 | 125,807                                       | (282,732)     | –                              |
| Mr B.C. Armitage <sup>4</sup>  | –                                | –                 | 59,119  | (59,119)      | –                              |

1 Ceased as KMP 17 November 2020.

2 Ceased as KMP 31 August 2020.

3 Ceased as KMP 31 December 2020.

4 Ceased as KMP 27 November 2020.

#### Shares Issued on the Vesting of Performance Rights

Since the end of the financial year, no Performance Rights have vested and converted to Ordinary Shares in the Company.

#### Loans to Directors and Executives

There were no loans to Directors or Executives granted during the 2021 financial year, nor were there any outstanding loans as at 31 July 2021.

### VOTING AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING

At the AGM held on Tuesday 17 November 2020, shareholders approved the resolution to pass the 2020 Remuneration Report by 98.87 per cent.

#### End of Remuneration Report



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## NON-AUDIT SERVICES

Deloitte Touche Tohmatsu has acted as auditor for the Group for the entire 2021 financial year. The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the 2021 financial year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms (refer Note 30):

|  | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| <b>Deloitte and Related Network Firms</b>  |            |            |
| Audit or Review of Financial Reports:  |            |            |
| Group  | 538,669    | 529,420    |
| Subsidiaries and Joint Operations  | 127,667    | 121,067    |
|  | 666,336    | 650,487    |
| Other Assurance and Agreed-Upon Procedures under Other Legislation or Contractual Arrangements |            |            |
| Group  | 105,000    | –          |
|  | 105,000    | –          |
| Other Services   |            |            |
| Sustainability and Other Advisory Services   | 51,500     | 113,416    |
|  | 51,500     | 113,416    |
|  | 822,836    | 763,903    |

## 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 41.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2021 and the number of meetings attended by each Director:

|                                | FULL MEETINGS OF DIRECTORS |          | AUDIT AND RISK COMMITTEE |          | HSPEC |          | NOMINATION COMMITTEE |          |
|--------------------------------|----------------------------|----------|--------------------------|----------|-------|----------|----------------------|----------|
|                                | HELD                       | ATTENDED | HELD                     | ATTENDED | HELD  | ATTENDED | HELD                 | ATTENDED |
| Mr R.D. Millner                | 19                         | 19       | –                        | –        | –     | –        | –                    | –        |
| Mr T.J. Barlow                 | 19                         | 18       | 5                        | 5        | 3     | 3        | 1                    | 1        |
| Ms J.E. McGill AO              | 19                         | 19       | 5                        | 5        | 3     | 3        | –                    | –        |
| Mr T.C. Millner                | 19                         | 19       | –                        | –        | –     | –        | –                    | –        |
| Mr I.M. Williams               | 19                         | 19       | 5                        | 5        | 3     | 3        | 1                    | 1        |
| Mr W.H. Grant OAM <sup>1</sup> | 19                         | 6        | 5                        | 2        | 3     | 1        | 1                    | 1        |
| Mr S.O. Stephan <sup>2</sup>   | 19                         | 2        | –                        | –        | –     | –        | –                    | –        |

1 Mr W.H. Grant OAM resigned from the Board effective 17 November 2020.

2 Mr S.O. Stephan resigned from the Board effective 31 August 2020.

Signed at Sydney, 20 September 2021, in accordance with a resolution of Directors.



**R.D. Millner**  
Director



Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Level 23, Riverside Centre  
123 Eagle Street  
Brisbane, QLD, 4000  
Australia

Phone: +61 7 3308 7000  
[www.deloitte.com.au](http://www.deloitte.com.au)

The Board of Directors  
New Hope Corporation Limited  
Level 16, 175 Eagle Street  
Brisbane, QLD, 4000

20 September 2021

Dear Board Members,

**Auditor's Independence Declaration to New Hope Corporation Limited**

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

As lead audit partner for the audit of the financial report of New Hope Corporation Limited for the year ended 31 July 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

DELOITTE TOUCHE TOHMATSU

**Stephen Tarling**  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# 2021 FINANCIAL REPORT

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 12 to 40, which is not part of this Financial Report. The Financial Report was authorised for issue by the Directors on 20 September 2021. The Company has the power to amend and reissue the Financial Report.

Through the use of the internet, the Company has ensured that corporate reporting is timely, complete and available globally at minimum cost to the Company. All Financial Reports and other announcements to the ASX are available on the Investor Relations pages of the website: [www.newhopegroup.com.au/content/investors](http://www.newhopegroup.com.au/content/investors)

## FINANCIAL STATEMENTS

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW HOPE CORPORATION LIMITED

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

New Hope Corporation Limited  
Level 16, 175 Eagle Street  
BRISBANE QLD 4000

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2021

|   | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|---|-------|---------------|---------------|
| <b>Revenue and Other Income</b>   |       |               |               |
| Revenue   | 2     | 1,048,239     | 1,083,918     |
| Other Income  | 3(a)  | 5,739         | 56            |
|   |       | 1,053,978     | 1,083,974     |
| <b>Expenses</b>   |       |               |               |
| Cost of Sales   |       | (658,721)     | (749,388)     |
| Marketing and Transportation  |       | (198,207)     | (186,654)     |
| Administration  |       | (12,339)      | (14,534)      |
| Other Expenses  | 3(b)  | (2,620)       | 14,058        |
| Financing Expenses  | 18(d) | (26,675)      | (26,375)      |
| Impairment of Assets  | 3(b)  | (44,696)      | (346,632)     |
| <b>Profit/(Loss) before Income Tax</b>  |       | 110,720       | (225,551)     |
| Income Tax (Expense)/Benefit  | 4(a)  | (31,370)      | 68,768        |
| <b>Net Profit/(Loss) for the year</b>   |       | 79,350        | (156,783)     |
| Net Profit/(Loss) attributable to New Hope Shareholders   |       | 79,350        | (156,783)     |
| <b>Other Comprehensive Income/(Loss) for the year, net of Tax</b>   |       |               |               |
| <b>Items that may be reclassified to Profit or Loss:</b>  |       |               |               |
| Exchange difference on the Translation of Foreign Operations  | 21(f) | (26)          | 2             |
| Changes to the fair value of Cash Flow Hedges, net of Tax   | 21(f) | (69,982)      | 67,524        |
| Transfer to Profit and Loss for Cash Flow Hedges, net of Tax  | 21(f) | 38,470        | (21,783)      |
| <b>Items that will not be reclassified to Profit or Loss:</b>   |       |               |               |
| Changes to the fair value of Equity Investments, net of Tax   | 21(f) | 37            | (527)         |
| Other Comprehensive Income/(Loss) for the year, net of Tax  |       | (31,501)      | 45,216        |
| <b>Total Comprehensive Income/(Loss) for the year</b>   |       | 47,849        | (111,567)     |
| Total Comprehensive Income/(Loss) for the year attributable to New Hope Shareholders                          |       | 47,849        | (111,567)     |
| <b>Earnings/(Loss) per share for Profit/(Loss) attributable to the Ordinary Equity Holders of the Company</b> |       |               |               |
| Basic Earnings/(Loss) per Share – Cents/Share   | 6     | 9.5           | (18.9)        |
| Diluted Earnings/(Loss) per Share – Cents/Share   | 6     | 9.5           | (18.9)        |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.



# STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021

|                                      | NOTES | 2021<br>\$000    | 2020<br>\$000    |
|--------------------------------------|-------|------------------|------------------|
| <b>Current Assets</b>                |       |                  |                  |
| Cash and Cash Equivalents            | 16    | 424,663          | 70,377           |
| Receivables                          | 7     | 123,323          | 63,565           |
| Derivative Financial Instruments     | 19    | 9,746            | 45,852           |
| Inventories                          | 9     | 73,343           | 80,985           |
| Assets Classified as Held for Sale   | 10    | 10,067           | –                |
| Current Tax Assets                   | 4(d)  | –                | 15,779           |
| <b>Total Current Assets</b>          |       | <b>641,142</b>   | <b>276,558</b>   |
| <b>Non-Current Assets</b>            |       |                  |                  |
| Receivables                          | 7     | 364              | 296              |
| Derivative Financial Instruments     | 19    | –                | 8,912            |
| Equity Investments                   | 17    | 229              | 193              |
| Deferred Tax Assets                  | 4(e)  | 214              | –                |
| Property, Plant and Equipment        | 11    | 1,951,833        | 2,084,827        |
| Intangible Assets                    | 12    | 76,552           | 80,627           |
| Exploration and Evaluation Assets    | 13    | 105,533          | 94,223           |
| <b>Total Non-Current Assets</b>      |       | <b>2,134,725</b> | <b>2,269,078</b> |
| <b>Total Assets</b>                  |       | <b>2,775,867</b> | <b>2,545,636</b> |
| <b>Current Liabilities</b>           |       |                  |                  |
| Trade and Other Payables             | 8     | 78,786           | 81,999           |
| Borrowings                           | 18    | 11,019           | 10,738           |
| Current Tax Liabilities              | 4(d)  | 24,528           | –                |
| Provisions                           | 15    | 53,433           | 47,841           |
| <b>Total Current Liabilities</b>     |       | <b>167,766</b>   | <b>140,578</b>   |
| <b>Non-Current Liabilities</b>       |       |                  |                  |
| Borrowings                           | 18    | 586,879          | 428,359          |
| Deferred Tax Liabilities             | 4(e)  | –                | 2,974            |
| Provisions                           | 15    | 274,609          | 248,345          |
| <b>Total Non-Current Liabilities</b> |       | <b>861,488</b>   | <b>679,678</b>   |
| <b>Total Liabilities</b>             |       | <b>1,029,254</b> | <b>820,256</b>   |
| <b>Net Assets</b>                    |       | <b>1,746,613</b> | <b>1,725,380</b> |
| <b>Equity</b>                        |       |                  |                  |
| Contributed Equity                   | 21(c) | 97,536           | 96,692           |
| Reserves                             | 21(f) | 16,890           | 42,553           |
| Retained Earnings                    | 21(g) | 1,632,187        | 1,586,135        |
| <b>Total Equity</b>                  |       | <b>1,746,613</b> | <b>1,725,380</b> |

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

|   | NOTES     | CONTRIBUTED<br>EQUITY<br>\$000 | RESERVES<br>\$000 | RETAINED<br>EARNINGS<br>\$000 | TOTAL<br>\$000 |
|---|-----------|--------------------------------|-------------------|-------------------------------|----------------|
| <b>Balance as at 1 August 2020</b>                          |           | 96,692                         | 42,553            | 1,586,135                     | 1,725,380      |
| Profit/(Loss) for the year                                  |           | –                              | –                 | 79,350                        | 79,350         |
| Other Comprehensive (Loss)/Income                           |           | –                              | (31,501)          | –                             | (31,501)       |
| <b>Total Comprehensive Income/(Loss)</b>                    |           | –                              | (31,501)          | 79,350                        | 47,849         |
| <b>Transactions with Owners in their capacity as Owners</b> |           |                                |                   |                               |                |
| Dividends Paid  | 20(a)     | –                              | –                 | (33,298)                      | (33,298)       |
| Convertible Notes Issued                                    | 21(d),(f) | –                              | 6,610             | –                             | 6,610          |
| Share-Based Payment Transactions                            | 21(d),(f) | 844                            | (772)             | –                             | 72             |
|   |           | 844                            | 5,838             | (33,298)                      | (26,616)       |
| <b>Balance as at 31 July 2021</b>                           |           | 97,536                         | 16,890            | 1,632,187                     | 1,746,613      |
| <b>Balance as at 1 August 2019</b>                          |           |                                |                   |                               |                |
| <b>Balance as at 1 August 2019</b>                          |           | 96,315                         | (2,977)           | 1,867,674                     | 1,961,012      |
| Profit/(Loss) for the year                                  |           | –                              | –                 | (156,783)                     | (156,783)      |
| Other Comprehensive (Loss)/Income                           |           | –                              | 45,216            | –                             | 45,216         |
| <b>Total Comprehensive Income/(Loss)</b>                    |           | –                              | 45,216            | (156,783)                     | (111,567)      |
| <b>Transactions with Owners in their capacity as Owners</b> |           |                                |                   |                               |                |
| Dividends Paid  | 20(a)     | –                              | –                 | (124,756)                     | (124,756)      |
| Convertible Notes Issued                                    | 21(d)     | –                              | –                 | –                             | –              |
| Share-Based Payment Transactions                            | 21(d),(f) | 377                            | 314               | –                             | 691            |
|   |           | 377                            | 314               | (124,756)                     | (124,065)      |
| <b>Balance as at 31 July 2020</b>                           |           | 96,692                         | 42,553            | 1,586,135                     | 1,725,380      |

The above Statements of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2021

|   | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|---|-------|---------------|---------------|
| <b>Cash Flows from Operating Activities</b>                       |       |               |               |
| Receipts from Customers   |       | 1,042,813     | 1,201,943     |
| Payments to Suppliers and Employees                               |       | (750,444)     | (904,123)     |
|   |       | 292,368       | 297,820       |
| Net Interest Paid   |       | (15,620)      | (15,776)      |
| Net Income Taxes Received/(Paid) <sup>1</sup>                     |       | 19,317        | (26,586)      |
| <b>Net Cash Inflow from Operating Activities</b>                  | 5     | 296,065       | 255,458       |
| <b>Cash Flows from Investing Activities</b>                       |       |               |               |
| Payments for Property, Plant and Equipment                        |       | (49,850)      | (100,246)     |
| Proceeds from Sale of Property, Plant and Equipment               |       | 22,724        | 4,527         |
| Payments for Intangible Assets                                    | 12    | –             | (224)         |
| Payments for Exploration and Evaluation Assets                    | 13    | (10,813)      | (12,899)      |
| (Payments)/Refunds for Security and Bond Guarantees               |       | (4,821)       | 64            |
| <b>Net Cash (Outflow) from Investing Activities</b>               |       | (42,760)      | (108,778)     |
| <b>Cash Flows from Financing Activities</b>                       |       |               |               |
| Proceeds from Secured Debt  | 18(a) | 20,000        | 135,000       |
| Repayments of Secured Debt  | 18(a) | (70,000)      | (135,000)     |
| Net Proceeds from Convertible Notes                               | 18(c) | 195,702       | –             |
| Repayment of Lease Liabilities                                    |       | (13,876)      | (10,815)      |
| Dividends Paid  | 20    | (33,298)      | (124,756)     |
| <b>Net Cash Inflow/(Outflow) from Financing Activities</b>        |       | 98,528        | (135,571)     |
| <b>Net Increase in Cash and Cash Equivalents</b>                  |       | 351,833       | 11,109        |
| Cash and Cash Equivalents at the beginning of the financial year  |       | 70,377        | 58,827        |
| Effects of Exchange Rate changes on Cash and Cash Equivalents     |       | 2,453         | 441           |
| <b>Cash and Cash Equivalents at the end of the financial year</b> |       | 424,663       | 70,377        |

1 The amount of Income Taxes paid in the 2020 financial year represents current year instalments less a refund of instalments paid for the year ended 31 July 2019.

The above Cash Flow Statement should be read in conjunction with the accompanying Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

The Financial Report covers New Hope Corporation Limited and its subsidiaries as the consolidated entity and together are referred to as New Hope, the Company or the Group in this Financial Report. The Financial Report for the year ended 31 July 2021 was authorised for issue in accordance with a resolution of the Directors on 20 September 2021.

## BASIS OF PREPARATION

This Financial Report is a general purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations and the Corporations Act 2001;
- Complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the consolidated Financial Statements, the Company is a for profit entity;
- Adopts policies which are consistent with those of the previous financial year and corresponding interim reporting period with the exception of changes required on adoption of new accounting standards as identified in Note 31;
- Does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 31 for more information on this and other accounting policies;
- Has been prepared under the historical cost convention, as modified by the revaluation of equity investments, trade receivables held at fair value, derivative instruments carried at fair value and agricultural assets carried at fair value;
- Is for a company which is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the Consolidated Financial Statements. Amounts in the Consolidated Financial Statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar; and
- Presents comparative information that has been reclassified where appropriate to enhance comparability.

The Directors have presented these Consolidated Financial Statements on a going concern basis and have a reasonable expectation that the Group will be able to pay its debts as and when they fall due for at least the next 12 months.

The Group is in full compliance with its Debt Covenants at 31 July 2021 and has sufficient liquidity including a Cash and Cash Equivalents balances of \$424,663,000 (2020: \$70,377,000) and an available Debt Facility of \$140,000,000.

The Company has successfully navigated the economic impacts of COVID-19 to date and continues to monitor and respond to the evolving situation.

## BASIS OF CONSOLIDATION

### (A) 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 2021 and the results of all subsidiaries for the year then ended.

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

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

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

Non-controlling Interests in the results and equity of subsidiaries are shown separately in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## BASIS OF CONSOLIDATION (CONTINUED)

### (B) INTERESTS IN OTHER ENTITIES

For information on Joint Arrangements and interests in Other unincorporated entities refer to Note 23.

#### Other Accounting Policies

Significant and other accounting policies relevant to gaining an understanding of the Consolidated Financial Statements have been grouped with the relevant Notes to the Financial Statements.

#### Critical Judgements and Estimates

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

|         |   | PAGE |
|---------|---|------|
| Note 4  | Deferred Tax Assets                               | 59   |
| Note 11 | Impairment Assessment                             | 66   |
| Note 11 | Estimation of Coal and Oil Reserves and Resources | 66   |
| Note 12 | Goodwill Impairment Assessments                   | 67   |
| Note 13 | Exploration and Evaluation Expenditure            | 68   |
| Note 14 | Impairment of Assets                              | 76   |
| Note 15 | Provisions – Rehabilitation                       | 79   |

## 1. FINANCIAL REPORTING SEGMENTS

### ACCOUNTING POLICY

Operating Segments have been determined based on reports reviewed by Key Management Personnel (KMP) which are used to make strategic decisions. KMP has been identified as the Board, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The reportable segments reflect how performance is measured, and decisions regarding allocations of resources are made by KMP.

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

### A. DESCRIPTION OF SEGMENTS

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

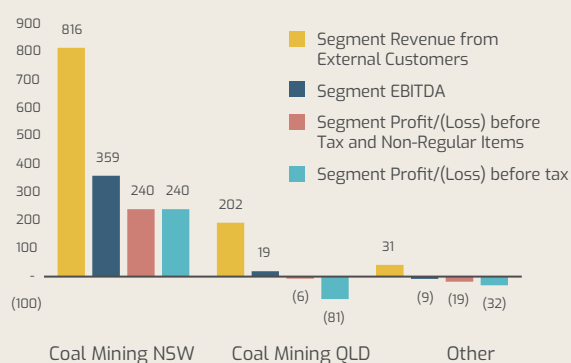
## 1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

### B. SEGMENT INFORMATION

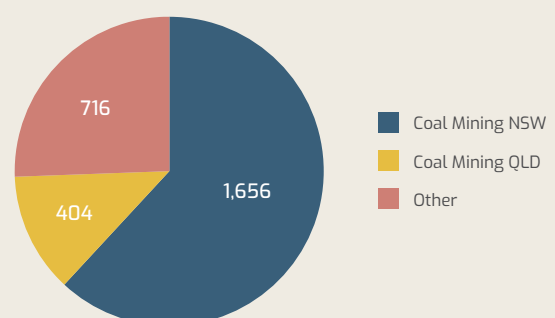
| YEAR ENDED 31 JULY 2021   | NOTES | COAL MINING<br>NSW<br>\$000 | COAL MINING<br>QLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000   |
|---|-------|-----------------------------|-----------------------------|----------------|------------------|
| Total Segment Revenue   |       | 815,784                     | 201,526                     | 46,060         | 1,063,370        |
| Intersegment Revenue  |       | (134)                       | –                           | (15,050)       | (15,184)         |
| Revenue from External Customers                                 |       | 815,650                     | 201,526                     | 31,010         | 1,048,186        |
| Interest Revenue  |       |                             |                             |                | 53               |
| <b>Total Revenue from External Customers</b>                    |       |                             |                             |                | <b>1,048,239</b> |
| <b>Group EBITDA</b>   |       |                             |                             |                | <b>367,197</b>   |
| <b>Segment EBITDA</b>   |       | 359,076                     | 18,798                      | (9,151)        | 368,723          |
| Depreciation and Amortisation                                   | 3     | (118,279)                   | (22,136)                    | (8,938)        | (149,353)        |
| Interest Expense  |       | (1,155)                     | (3,065)                     | (953)          | (5,173)          |
| <b>Segment Profit/(Loss) before Tax and Non-Regular Items</b>   |       | 239,642                     | (6,403)                     | (19,042)       | 214,197          |
| Non-Regular Items before Tax <sup>1</sup>                       |       | –                           | (74,681)                    | (12,802)       | (87,483)         |
| <b>Segment Profit/(Loss) before Tax after Non-Regular Items</b> |       | 239,642                     | (81,084)                    | (31,844)       | 126,714          |
| Treasury Loss before Income Tax and Non-Regular Items           |       |                             |                             |                | (14,884)         |
| Non-Regular Treasury Items before Tax                           |       |                             |                             |                | (1,110)          |
| Treasury Loss before Income Tax                                 |       |                             |                             |                | (15,994)         |
| <b>Profit/(Loss) before Tax (after Non-Regular-Items)</b>       |       |                             |                             |                | <b>110,720</b>   |
| Income Tax (Expense)/Benefit                                    | 4(a)  |                             |                             |                | (31,370)         |
| <b>Profit/(Loss) after Tax and Non-Regular Items</b>            |       |                             |                             |                | <b>79,350</b>    |
| <b>Reportable Segment Assets</b>                                |       | 1,655,866                   | 404,228                     | 715,773        | 2,775,867        |
| Total Segment Assets includes:                                  |       |                             |                             |                |                  |
| Additions of Non-Current Capital Assets                         |       | 79,625                      | 4,837                       | 12,955         | 97,417           |
| Increase in Impairment of Assets                                |       | –                           | (40,307)                    | (4,389)        | (44,696)         |

1 Non-Regular Items for the financial year ended 31 July 2021 relate to Coal Mining Asset and Coal Exploration Asset Impairments, Onerous Contracts, New Acland Ramp Down Costs, Group Redundancy Costs, Liquidation Related Expenses, Strategic Growth and M&A and Debt Waiver Consent Fees.

#### 2021 SEGMENT PERFORMANCE \$000



#### 2021 SEGMENT ASSETS \$000



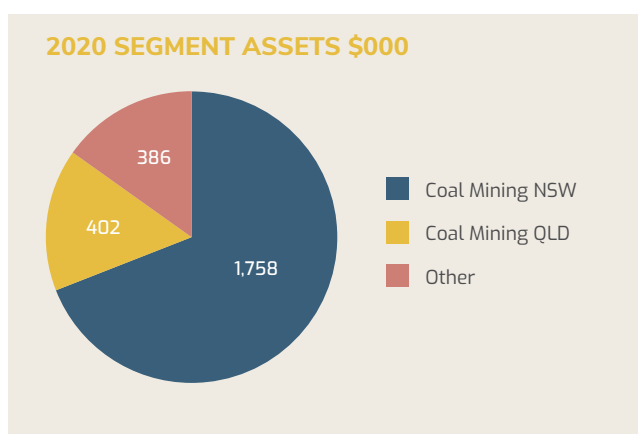
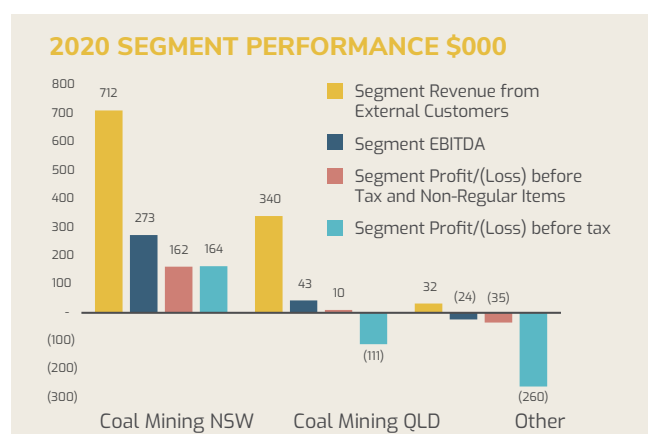
# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

| YEAR ENDED 31 JULY 2020  | NOTES | COAL MINING<br>NSW<br>\$000 | COAL MINING<br>QLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000   |
|--|-------|-----------------------------|-----------------------------|----------------|------------------|
| Total Segment Revenue  |       | 711,578                     | 339,522                     | 61,653         | 1,112,753        |
| Intersegment Revenue   |       | –                           | –                           | (29,645)       | (29,645)         |
| Revenue from External Customers  |       | 711,578                     | 339,522                     | 32,008         | 1,083,108        |
| Interest Revenue   |       |                             |                             |                | 810              |
| <b>Total Revenue from External Customers</b>                               |       |                             |                             |                | <b>1,083,918</b> |
| <b>Group EBITDA</b>  |       |                             |                             |                | <b>289,754</b>   |
| <b>Segment EBITDA</b>  |       | 273,008                     | 43,254                      | (23,680)       | 292,582          |
| Depreciation and Amortisation  | 3     | (110,765)                   | (29,459)                    | (10,646)       | (150,870)        |
| Interest Expense   |       | (211)                       | (3,583)                     | (381)          | (4,175)          |
| <b>Segment Profit/(Loss) before Tax and Non-Regular Items</b>              |       | 162,032                     | 10,212                      | (34,707)       | 137,537          |
| Non-Regular Items before Tax <sup>1</sup>                                  |       | 1,937                       | (121,387)                   | (225,605)      | (345,055)        |
| <b>Segment Profit/(Loss) before Tax after Non-Regular Items</b>            |       | 163,969                     | (111,175)                   | (260,312)      | (207,518)        |
| Treasury Loss before Income Tax  |       |                             |                             |                | (18,033)         |
| <b>Profit/(Loss) before Tax (after Non-Regular-Items)</b>                  |       |                             |                             |                | <b>(225,551)</b> |
| Income Tax (Expense)/Benefit   | 4(a)  |                             |                             |                | 68,768           |
| <b>Profit/(Loss) after Tax and Non-Regular Items</b>                       |       |                             |                             |                | <b>(156,783)</b> |
| <b>Reportable Segment Assets</b>   |       | 1,757,890                   | 402,123                     | 385,623        | 2,545,636        |
| Total Segment Assets includes:   |       |                             |                             |                |                  |
| Additions to Non-Current Capital Assets                                    |       | 68,518                      | 8,572                       | 52,464         | 129,554          |
| Increase in Impairment of Assets   |       | –                           | (110,781)                   | (235,851)      | (346,632)        |
| Recognition of Right-of-Use Assets on adoption of AASB 16 Leases (AASB 16) |       | 7,389                       | 61,870                      | 1,830          | 71,089           |

1 Non-Regular Items for the financial year ended 31 July 2020 relate to Jeebropilly Rehabilitation Provision movements, New Acland Ramp Down costs, Queensland Operations Redundancy costs, Recovery of Port Costs, Coal Operations, Coal Exploration, Oil Producing, Oil Exploration Assets Impairments, Impairment of Goodwill and Onerous Contract and related expenses.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

### C. OTHER SEGMENT INFORMATION

#### (i) SEGMENT REVENUE

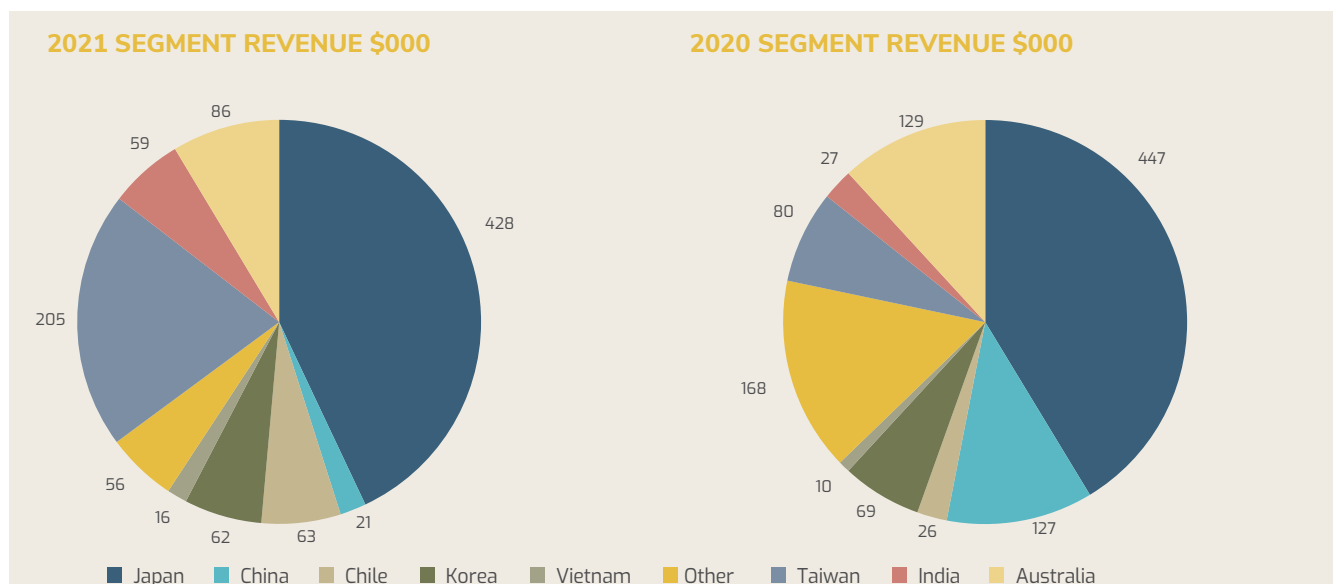
| YEAR ENDED 31 JULY 2021                            | NOTES    | COAL MINING<br>NSW<br>\$000 | COAL MINING<br>QLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000   |
|--|----------|-----------------------------|-----------------------------|----------------|------------------|
| Total Segment Revenue by Geographical Region       |          |                             |                             |                |                  |
| Japan  |          | 345,200                     | 82,314                      | –              | 427,514          |
| Taiwan   |          | 205,211                     | –                           | –              | 205,211          |
| Chile  |          | 16,969                      | 46,046                      | –              | 63,015           |
| Korea  |          | 45,672                      | 15,971                      | –              | 61,643           |
| India  |          | 37,322                      | 21,969                      | –              | 59,291           |
| China  |          | 20,638                      | –                           | –              | 20,638           |
| Vietnam  |          | –                           | 15,885                      | –              | 15,885           |
| Other <sup>1</sup>                                 |          | 56,196                      | –                           | –              | 56,196           |
| Australia  |          | 48,855                      | 12,536                      | 24,920         | 86,311           |
| <b>Revenue from Customer Contracts<sup>2</sup></b> |          | <b>776,063</b>              | <b>194,721</b>              | <b>24,920</b>  | <b>995,704</b>   |
| Other Revenue <sup>3</sup>                         |          |                             |                             |                | 52,535           |
| <b>Total Revenue</b>                               | <b>2</b> |                             |                             |                | <b>1,048,239</b> |

1 Other revenue from customer contracts relates to third party customer contracts with undisclosed geographical information.

2 Revenue from customer contracts includes income from commodity sales and services. Refer to Note 2.

3 Other Revenue includes revenue from provisional pricing adjustments on contracts fulfilled during the financial year. Refer to Note 2.

Revenues of \$161,911,000 (2020: \$58,538,000) are derived from a single external customer, representing 16 per cent of total Revenue from Customer Contracts. These revenues are attributed to the Taiwan geographical segment. Provisional pricing adjustments of \$34,716,000 (2020: \$8,199,000) relating to this customer are included within Other Revenue. There are no other individual customers who represent more than 10 per cent of revenue from customer contracts for the year ended 31 July 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 1. FINANCIAL REPORTING SEGMENTS (CONTINUED)

### C. OTHER SEGMENT INFORMATION (CONTINUED)

#### (i) SEGMENT REVENUE (CONTINUED)

| YEAR ENDED 31 JULY 2020                            | NOTES    | COAL MINING<br>NSW<br>\$000 | COAL MINING<br>QLD<br>\$000 | OTHER<br>\$000 | TOTAL<br>\$000   |
|--|----------|-----------------------------|-----------------------------|----------------|------------------|
| Total Segment Revenue by Geographical Region       |          |                             |                             |                |                  |
| Japan  |          | 267,230                     | 179,622                     | –              | 446,852          |
| Taiwan   |          | 62,964                      | 17,105                      | –              | 80,069           |
| Chile  |          | –                           | 26,280                      | –              | 26,280           |
| Korea  |          | 62,382                      | 6,298                       | –              | 68,680           |
| India  |          | –                           | 27,094                      | –              | 27,094           |
| China  |          | 73,701                      | 53,717                      | –              | 127,418          |
| Vietnam  |          | 3,266                       | 6,930                       | –              | 10,196           |
| Other <sup>1</sup>                                 |          | 168,341                     | –                           | –              | 168,341          |
| Australia  |          | 82,608                      | 20,760                      | 25,047         | 128,415          |
| <b>Revenue from Customer Contracts<sup>2</sup></b> |          | <b>720,492</b>              | <b>337,806</b>              | <b>25,047</b>  | <b>1,083,345</b> |
| Other Revenue <sup>3</sup>                         |          |                             |                             |                | 573              |
| <b>Total Revenue</b>                               | <b>2</b> |                             |                             |                | <b>1,083,918</b> |

1 Other revenue from customer contracts relates to third party customer contracts with undisclosed geographical information.

2 Revenue from customers contracts includes income from commodity sales and services. Refer to Note 2.

3 Other Revenue includes revenue from provisional pricing adjustments on contracts fulfilled during the financial year. Refer to Note 2.

There are no customers who represent more than 10 per cent of Revenue from Customer Contracts for the year ended 31 July 2020.

#### (ii) SEGMENT ASSETS

The amounts provided to KMP with respect to total assets are measured in a manner consistent with that of the Consolidated Financial Statements. These assets are allocated based on the operations of the Segment. All Non-Current Assets are located in Australia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 2. REVENUE

### ACCOUNTING POLICY

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

Revenue is recognised for the major business activities as follows:

- Coal Sales Revenue is recognised at the point in time when control of the products have been transferred to the customer in accordance with the sales terms, in this instance when the risks and benefits of ownership has transferred. The title, risks and rewards, and therefore the fulfilment of performance obligations normally occurs at the time of loading the shipment for export sales, and generally at the time the coal is delivered to the customer for domestic sales.
- Certain Coal sales may be provisionally priced at the date revenue is recognised, however substantially all coal sales are reflected at final prices by the end of the reporting period.
- Oil Sales Revenue is recognised at the point in time when control of the products have been transferred to the customer in accordance with the sales terms, in this instance when the risks and benefits of ownership have transferred. This is normally when the oil is delivered to the customer.
- The Group's products are sold to customers under contracts that vary in tenure and pricing mechanisms, primarily being monthly or quarterly indexes.
- Service Fee Income and Management Fee Income is recognised as Revenue over time as the services are performed.

|  | NOTES    | 2021<br>\$000 | 2020<br>\$000 |
|--|----------|---------------|---------------|
| <b>Sales Revenue</b>                         |          |               |               |
| Revenue from Commodity Sales                 |          | 983,528       | 1,072,912     |
| Revenue from Provisional Pricing Adjustments |          | 42,341        | (10,793)      |
| Services                                     |          | 12,226        | 11,920        |
|  |          | 1,038,095     | 1,074,039     |
| <b>Other Revenue</b>                         |          |               |               |
| Property Rent                                |          | 1,509         | 1,186         |
| Interest                                     | 18(d)    | 85            | 689           |
| Sundry Revenue <sup>1</sup>                  |          | 8,550         | 8,004         |
| <b>Total Revenue</b>                         | 1(b),(c) | 1,048,239     | 1,083,918     |

1 Included within Sundry Revenue for the 2021 financial year is an amount relating to COVID-19 Government relief in the form of JobKeeper payments received by the Group of \$5,861,000 (2020: \$3,909,000).

## 3. OTHER INCOME AND EXPENSES

Profit/(Loss) before Income Tax includes the following specific income/(expenses):

### A. OTHER INCOME

|                               | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|-------------------------------|-------|---------------|---------------|
| <b>(i) INSURANCE RECOVERY</b> |       |               |               |
| Insurance Recovery            |       | 5,739         | 56            |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 3. OTHER INCOME AND EXPENSES (CONTINUED)

### B. BREAKDOWN OF EXPENSES

|  | NOTES | 2021<br>\$000   | 2020<br>\$000    |
|--|-------|-----------------|------------------|
| <b>(i) DEPRECIATION AND AMORTISATION</b>                     |       |                 |                  |
| Depreciation   |       |                 |                  |
| Buildings  | 11    | (1,937)         | (2,083)          |
| Plant and equipment  | 11    | (61,255)        | (57,200)         |
| <b>Total Depreciation</b>                                    |       | <b>(63,192)</b> | <b>(59,283)</b>  |
| Amortisation   |       |                 |                  |
| Mining reserves and leases                                   | 11    | (61,664)        | (62,753)         |
| Mine and port development                                    | 11    | (5,637)         | (5,353)          |
| Oil producing assets   | 11    | (5,529)         | (7,791)          |
| Software   | 12    | (551)           | (570)            |
| Right-of-use assets  | 11    | (9,256)         | (11,586)         |
| Mining information   | 12    | (2,969)         | (2,977)          |
| Water rights   | 12    | (555)           | (557)            |
| <b>Total Amortisation</b>                                    |       | <b>(86,161)</b> | <b>(91,587)</b>  |
| <b>(ii) IMPAIRMENT OF ASSETS</b>                             |       |                 |                  |
| Impairment of QLD coal mining assets                         | 11    | (40,307)        | (110,783)        |
| Impairment of goodwill                                       | 12    | –               | (12,271)         |
| Impairment of coal exploration and evaluation assets         | 11    | (1,618)         | (157,197)        |
| Impairment of building assets                                | 12    | (2,771)         | –                |
| Impairment of oil producing and exploration assets           | 11    | –               | (66,381)         |
| <b>Total Impairment Charge</b>                               |       | <b>(44,696)</b> | <b>(346,632)</b> |
| <b>(iii) EMPLOYEE-RELATED EXPENSES</b>                       |       |                 |                  |
| Salary and wages   |       | (135,992)       | (157,798)        |
| Superannuation   |       | (9,399)         | (11,046)         |
| Share-based payments expense                                 |       | (72)            | (691)            |
| Redundancy expenses  |       | (15,733)        | (7,405)          |
| Other employee benefits expenses                             |       | (3,330)         | (6,019)          |
| <b>Total employee-related expenses</b>                       |       | <b>164,526</b>  | <b>(182,959)</b> |
| <b>(iv) OTHER EXPENSES</b>                                   |       |                 |                  |
| Liquidation related expenses <sup>1</sup>                    |       | (2,620)         | 14,058           |
| Onerous contract expenses <sup>2</sup>                       |       | (37,276)        | –                |
| Net Gain/(Loss) on disposal of property, plant and equipment |       | 4,981           | (4,208)          |
| Lease costs expensed <sup>3</sup>                            |       | (51)            | (247)            |

1 Liquidation related costs have been included in Other Expenses. Refer to Note 15(d).

2 Onerous contract expense is included in Marketing and Transportation expenses. Refer to Note 15(c).

3 Expenses relating to Leases of Low Value Assets.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 4. INCOME TAXES

### ACCOUNTING POLICY

The Income Tax Expense or Revenue for the period is the tax payable on the current period's Taxable Income, based on the relevant Income Tax Rate for each jurisdiction, adjusted by changes in Deferred Tax Assets and Liabilities attributable to Temporary Differences, and unused Tax Losses.

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

Deferred Income Tax is provided in full, using the liability method, on Temporary Differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, the Deferred Income Tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable Profit or Loss. Deferred Income Tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related Deferred Income Tax Asset is realised or the Deferred Income Tax Liability is settled.

### Tax Consolidation Legislation

New Hope Corporation Limited and its wholly owned Australian controlled entities are subject to tax consolidation legislation. All entities within the group are party to both Tax Sharing and Funding Agreements (TSA and TFA). The TSA, in the opinion of the Directors, limits the joint and several liability of each entity in the case of default by New Hope Corporation Limited. The TFA provides the basis to account for compensation for tax related items transferred between the subsidiaries and the head entity of the group. The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts.

In addition to its own Current and Deferred Tax amounts, the Company also recognises the Current Tax Liabilities (or Assets) and the Deferred Tax Assets arising from unused Tax Losses and unused Tax Credits assumed from controlled entities in the Tax Consolidated Group. Assets or liabilities arising under TFAs with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the TFA are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 4. INCOME TAXES (CONTINUED)

### A. INCOME TAX (EXPENSE)/BENEFIT

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| Income Tax – Current Tax Expense                          | (24,631)      | (8,003)       |
| Income Tax – Adjustments for Current Tax of Prior Periods | 3,582         | 7,508         |
| Income Tax – Deferred Tax (Expense)/Benefit               | (10,321)      | 69,263        |
|   | (31,370)      | 68,768        |
| Effective Tax Rate  | 28.3%         | 30.5%         |

### B. NUMERICAL RECONCILIATION OF INCOME TAX (EXPENSE)/BENEFIT TO PRIMA FACIE TAX RECEIVABLE/(PAYABLE)

|   | 2021<br>\$000   | 2020<br>\$000 |
|---|-----------------|---------------|
| Profit/(Loss) before Income Tax   | 110,720         | (225,551)     |
| Income Tax calculated at 30% (2020: 30%)  | (33,216)        | 67,665        |
| Tax effect of amounts which are not deductible/(taxable) in calculating Taxable Income: |                 |               |
| CGT Income not assessable   | 1,716           | –             |
| Impairment of Goodwill  | –               | (3,681)       |
| Sundry Items  | 89              | (18)          |
|   | (31,411)        | 63,966        |
| Under/(Over) provided in prior year   | 41              | 4,802         |
| <b>Income Tax (Expense)/Benefit</b>   | <b>(31,370)</b> | <b>68,768</b> |

### C. TAX (EXPENSE)/BENEFIT RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

|                  | 2021<br>\$000 | 2020<br>\$000 |
|------------------|---------------|---------------|
| Cash Flow Hedges | (13,506)      | 19,604        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 4. INCOME TAXES (CONTINUED)

### D. RECONCILIATION OF INCOME TAX RECEIVABLE/(PAYABLE)

|  | 2021<br>\$000   | 2020<br>\$000 |
|--|-----------------|---------------|
| Profit/(Loss) before Income Tax                  | 110,720         | (225,551)     |
| Income Tax calculated at 30% (2020: 30%)         | (33,216)        | 67,665        |
| Tax effected adjustments to Taxable Income:      |                 |               |
| Effect of previously unrecognised Capital Losses | 1,716           | –             |
| Non temporary differences:                       |                 |               |
| Impairment of Goodwill                           | –               | (3,681)       |
| Other Non-Temporary items                        | 89              | (18)          |
| Temporary differences:                           |                 |               |
| Non-Deductible Impairment Expenses               | (13,204)        | (100,308)     |
| Other deductible amounts                         | 19,996          | 28,339        |
| Taxable Income at 30% (2020: 30%)                | (24,619)        | (8,003)       |
| Current Tax Liability                            | (24,619)        | (8,003)       |
| Current Tax Receivable                           | 91              | 77            |
| Less: Tax instalments paid                       | –               | 23,705        |
| <b>Tax Receivable/(Payable)</b>                  | <b>(24,528)</b> | <b>15,779</b> |

### E. DEFERRED TAX BALANCES

#### ACCOUNTING POLICY

Deferred Tax Assets are recognised for the deductible Temporary Differences and unused Tax Losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred Tax Liabilities and Assets are not recognised for Temporary Differences between the carrying amount and tax bases of Investments in Controlled Entities where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the differences will not reverse in the foreseeable future.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset Current Tax Assets and Liabilities and when the Deferred Tax balances relate to the same taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 4. INCOME TAXES (CONTINUED)

### E. DEFERRED TAX BALANCES (CONTINUED)

|                               | NET BALANCE<br>AT 1 AUGUST<br>\$000 | INITIAL<br>ADOPTION<br>OF AASB 16<br>\$000 | RECOGNISED<br>IN PROFIT<br>OR LOSS<br>\$000 | RECOGNISED<br>IN OCI<br>\$000 | NET<br>\$000 | DEFERRED<br>TAX<br>ASSETS<br>\$000 | DEFERRED<br>TAX<br>LIABILITIES<br>\$000 |
|-------------------------------|-------------------------------------|--|---|-------------------------------|--------------|------------------------------------|---|
| <b>2021</b>                   |                                     |  |   |                               |              |                                    |   |
| Rehabilitation Provision      | 74,717                              | –  | 5,670                                       | –                             | 80,387       | 80,387                             | –                                       |
| Property, Plant and Equipment | (81,465)                            | –  | (19,660)                                    | –                             | (101,125)    | –                                  | (101,125)                               |
| Capitalised Exploration       | (10,327)                            | –  | (2,639)                                     | –                             | (12,966)     | –                                  | (12,966)                                |
| Cash Flow Hedges              | (16,429)                            | –  | –   | 13,506                        | (2,923)      | –                                  | (2,923)                                 |
| Inventories                   | (4,475)                             | –  | (3,665)                                     | –                             | (8,140)      | –                                  | (8,140)                                 |
| Employee Benefits             | 14,143                              | –  | (2,856)                                     | –                             | 11,287       | 11,287                             | –                                       |
| Other                         | (4,012)                             | –  | 6,003                                       | –                             | 1,991        | 1,991                              | –                                       |
| Revenue Tax Losses            | –                                   | –  | –   | –                             | –            | –                                  | –                                       |
| Capital Losses                | 1,500                               | –  | –   | –                             | 1,500        | 1,500                              | –                                       |
| Lease Liabilities             | 23,374                              | –  | 6,829                                       | –                             | 30,203       | 30,203                             | –                                       |
|                               | (2,974)                             | –  | (10,318)                                    | 13,506                        | 214          | 125,368                            | (125,154)                               |
| <b>2020</b>                   |                                     |  |   |                               |              |                                    |   |
| Rehabilitation Provision      | 67,759                              | –  | 6,958                                       | –                             | 74,717       | 74,717                             | –                                       |
| Property, Plant and Equipment | (77,225)                            | (21,327)                                   | 17,087                                      | –                             | (81,465)     | –                                  | (81,465)                                |
| Capitalised Exploration       | (59,587)                            | –  | 49,260                                      | –                             | (10,327)     | –                                  | (10,327)                                |
| Cash Flow Hedges              | 3,175                               | –  | –   | (19,604)                      | (16,429)     | –                                  | (16,429)                                |
| Inventories                   | (7,300)                             | –  | 2,825                                       | –                             | (4,475)      | –                                  | (4,475)                                 |
| Employee Benefits             | 17,967                              | –  | (3,824)                                     | –                             | 14,143       | 14,143                             | –                                       |
| Other                         | 1,078                               | –  | (5,090)                                     | –                             | (4,012)      | –                                  | (4,012)                                 |
| Revenue Tax Losses            | –                                   | –  | –   | –                             | –            | –                                  | –                                       |
| Capital Losses                | 1,500                               | –  | –   | –                             | 1,500        | 1,500                              | –                                       |
| Lease Liabilities             | –                                   | 21,327                                     | 2,047                                       | –                             | 23,374       | 23,374                             | –                                       |
|                               | (52,633)                            | –  | 69,263                                      | (19,604)                      | (2,974)      | 113,734                            | (116,708)                               |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 4. INCOME TAXES (CONTINUED)

### F. UNRECOGNISED DEFERRED TAX ASSETS

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| Deferred Tax Assets have not been recognised in respect of the following items: |               |               |
| Tax Losses (Capital)  | 6,607         | 7,090         |
| Temporary Differences associated with Equity Investments                        | 5,709         | 5,709         |
|   | 12,316        | 12,799        |

#### CRITICAL JUDGEMENTS AND ESTIMATES

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

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

## 5. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

|  | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|--|-------|---------------|---------------|
| <b>Profit/(Loss) after Income Tax</b>                    |       | 79,350        | (156,783)     |
| Depreciation and Amortisation                            |       | 149,353       | 150,870       |
| Non-Cash Employee Benefit Expense – Share-Based Payments | 27    | 72            | 691           |
| Impairment of Assets                                     | 3(b)  | 44,696        | 346,632       |
| Net Foreign Exchange Gains                               |       | (2,453)       | (441)         |
| Net (Profit)/Loss on sale of Non-Current Assets          | 3(b)  | (4,981)       | 4,208         |
| Net Income Taxes Received/(Paid) <sup>1</sup>            |       | 19,317        | (26,586)      |
| Income Tax Expense/(Benefit)                             | 4(a)  | 31,370        | (68,768)      |
| Amortisation of Transaction Costs on Secured Loan        | 18(d) | 2,076         | 2,076         |
| Provision for Onerous Contract                           | 15(c) | 16,477        | –             |
| Changes in Operating Assets and Liabilities              |       |               |               |
| (Increase)/Decrease in Receivables and Prepayments       |       | (54,973)      | 45,262        |
| Decrease in Inventories                                  |       | 7,643         | 15,284        |
| (Decrease) in Trade and Other Payables                   |       | (3,768)       | (21,338)      |
| Increase/(Decrease) in Provisions                        |       | 11,886        | (35,649)      |
| <b>Net Cash from Operating Activities</b>                |       | 296,065       | 255,458       |

1 The amount of Income Taxes paid for the 2020 financial year represents current year instalments less a refund of instalments paid for the year ended 31 July 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 6. EARNINGS PER SHARE

### ACCOUNTING POLICY

#### Basic Earnings per Share

Basic Earnings per Share is calculated by dividing the Profit attributable to Ordinary Equity Holders of the Company, excluding any costs of servicing equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the year, adjusted for bonus element in Ordinary Shares issued during the year.

#### Diluted Earnings per Share

Diluted Earnings per Share adjusts the figures used in the determination of Basic Earnings per Share to take into account the after Income Tax effect of interest and other financial costs associated with dilutive potential Ordinary Shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

### A. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

|                            | EARNINGS PER SHARE (CENTS) |               |
|----------------------------|----------------------------|---------------|
|                            | 2021<br>\$000              | 2020<br>\$000 |
| Basic Earnings per Share   | 9.5                        | (18.9)        |
| Diluted Earnings per Share | 9.5                        | (18.9)        |

### B. RECONCILIATION OF ADJUSTED PROFITS

|  | BASIC         |               |
|--|---------------|---------------|
|  | 2021<br>\$000 | 2020<br>\$000 |
| Profit/(Loss) attributable to the Ordinary Equity Holders of the Company | 79,350        | (156,783)     |

|  | DILUTIVE      |               |
|--|---------------|---------------|
|  | 2021<br>\$000 | 2020<br>\$000 |
| Profit/(Loss) attributable to the Ordinary Equity Holders of the Company | 79,771        | (156,783)     |

### C. WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

|  | CONSOLIDATED |             |
|--|--------------|-------------|
|  | 2021         | 2020        |
| Weighted average number of Ordinary Shares (Basic)   | 832,348,195  | 831,681,768 |
| Performance Rights                                   | 553,434      | 868,630     |
| Convertible bond – Equity                            | 7,566,862    | –           |
| Weighted average number of Ordinary Shares (Diluted) | 840,468,491  | 832,550,398 |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 6. EARNINGS PER SHARE (CONTINUED)

### D. PERFORMANCE RIGHTS GRANTED TO EMPLOYEES

Performance 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. Performance Rights have not been included in the determination of Basic Earnings Per Share. Details relating to Performance Rights are set out in Note 27.

## 7. RECEIVABLES

### ACCOUNTING POLICY

Trade Receivables derived from contracted sales are recognised initially at fair value and subsequently at amortised cost, less any expected credit losses (ECL). Trade Receivables from provisionally priced sales are carried at fair value. The carrying value less the estimated credit adjustments are assumed to approximate their fair values due to their short-term nature. Trade Receivables are due for settlement no more than forty-five days from the date of recognition.

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

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

|  | 2021<br>\$000 | 2020<br>\$000 |
|--|---------------|---------------|
| <b>Current</b>                           |               |               |
| Trade Receivables                        | 78,995        | 26,252        |
| Trade Receivables – Provisionally Priced | 9,216         | –             |
| Other Receivables <sup>1</sup>           | 21,364        | 22,335        |
| Prepayments                              | 13,748        | 14,978        |
|  | 123,323       | 63,565        |
| <b>Non-Current</b>                       |               |               |
| Prepayments                              | –             | –             |
| Other Receivables                        | 364           | 296           |

1 These amounts relate to Long Service Leave payments recoverable from the Coal Mining Industry Long Service Leave Fund, Rebates Receivable, Goods and Services Tax (GST) refunds receivable and Security Deposits. None of these receivables are impaired or past due.

### A. 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 22.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 7. RECEIVABLES (CONTINUED)

### B. FAIR VALUE AND CREDIT RISK

Due to the short-term nature of Current Receivables, their carrying value is assumed to approximate their fair value. The fair value of Non-Current Receivables approximates their carrying amounts. Information about the Group's exposure to fair value and credit risk in relation to Trade and Other Receivables is provided in Note 22. The Group assessed the ECL in relation to Trade and Other Receivables in the current year and the prior year to be immaterial and no loss allowance has been recorded.

## 8. TRADE AND OTHER PAYABLES

### ACCOUNTING POLICY

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

|                          | 2021<br>\$000 | 2020<br>\$000 |
|--------------------------|---------------|---------------|
| Trade and Other Payables | 78,786        | 81,999        |

## 9. INVENTORIES

### ACCOUNTING POLICY

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

Self-Generating and Regenerating Assets relate to the Group's agricultural inventories and are valued at fair value less costs to sell.

Inventories of Consumable Supplies and Spare Parts expected to be used in production are valued at weighted average cost.

A provision for stock obsolescence in relation to Raw Materials and stores is raised for items which have become obsolete over time.

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| Coal stocks                             | 42,090        | 46,092        |
| Self-Generating and Regenerating Assets | 5,120         | 3,322         |
| Raw Materials and Stores at cost        | 29,276        | 33,272        |
| Less: Provision for Obsolescence        | (3,143)       | (1,701)       |
|   | 73,343        | 80,985        |

### A. INVENTORY EXPENSE

Coal Stocks recognised as an expense during the year ended 31 July 2021 amounted to \$689,838,000 (2020: \$835,775,000). The Group did not recognise any inventory write-down to net realisable value for the financial year (2020: \$13,324,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

### ACCOUNTING POLICY

Non-Current Assets (or disposal group) are classified as Held For Sale if it's carrying amount will be recovered principally through a sale transaction rather than through continuing use. When the sale is considered highly probable and is available for immediate sale, the asset is valued at the lower of its carrying amount and fair value less costs to sell, with any gain or loss on remeasurement recognised in the Statement of Comprehensive Income.

|                                     | 2021<br>\$000 | 2020<br>\$000 |
|-------------------------------------|---------------|---------------|
| Land – Mining <sup>1</sup>          | 7,067         | –             |
| Buildings – Non-Mining <sup>2</sup> | 3,000         | –             |
|                                     | 10,067        | –             |

1 \$6,498,000 related to the Pastoral CGU and \$569,000 related to the Qld Coal Mining Operations CGU, both included in the Coal Mining QLD Operating Segment.

2 Included in 'Other' Operating Segment.

The Group has reclassified land with a net book value of \$7,115,000 from Property, Plant and Equipment to Assets Classified as Held for Sale following the execution of an unconditional contract for sale on 8 June 2021. The sale completed on 9 August 2021. An Impairment Charge of \$48,000 has been recognised in the Statement of Comprehensive Income on the remeasurement of a certain parcel of this land to fair value less costs to sell, which is lower than its carrying value. Refer to Note 14 B(i). A gain on disposal of certain other parcels of land of \$5,254,000 was recorded on disposal on 9 August 2021 and will be recognised in the Statement of Comprehensive Income in the future period. Refer Note 25.

On 28 July 2021, the Group entered a contract for sale of the Group's old corporate office at Brookwater, Queensland. The sale is subject to a Put and Call Option with the Group intending to exercise their Put option within 30 days of the contract date in line with the contract for sale. The Group reclassified this building with a net book value of \$3,000,000, from Property, Plant and Equipment to Assets Classified as Held for Sale.

There is no cumulative income or expense included in Other Comprehensive Income relating to the disposal of this land or buildings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

#### Property, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less applicable Depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying Cash Flow Hedges of foreign currency purchases of Property, Plant and Equipment.

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

#### Right of Use Assets

At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognises a Right-of-Use Asset representing its Right-of-Use to the underlying asset. Right-of-Use Assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group and an estimate of the costs to dismantle and remove the underlying asset.

Subsequent to initial recognition, Right-of-Use Assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less Accumulated Depreciation and any Accumulated Impairment Loss. Right-of-Use Assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, including any lease extensions.

#### Depreciation

Depreciation is calculated so as to write off the cost of each item of Property, Plant and Equipment over its expected economic life to the consolidated entity. Each item's useful life has due regard both to its own physical life limitations and to present assessments of economically recoverable resources of the mine property at which the item is located. Estimates of residual values and remaining useful lives are made on an annual basis. An annual review of the appropriateness of the method of depreciation is also undertaken noting the straight-line method was predominately used in the 2021 financial year. The expected useful life of Plant and Equipment is 4 to 20 years, Buildings is 25 to 40 years and Motor Vehicles is four to eight years. Land is not depreciated.

#### Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

#### Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Refer to Note 14 for further detail on impairment of assets.

#### Mine Properties, Development Costs, Reserves and Leases and Oil Producing Assets

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified to the satisfaction of the Directors. Direct development expenditure, pre-operating start-up costs and an appropriate portion of related overhead expenditures are capitalised as development costs up until the relevant area of interest is ready for use. The cost of acquiring reserves and resources are capitalised in the Statement of Financial Position as incurred.

Mining Reserves, Leases and Mine and Port Development Assets are amortised over the estimated productive life of each applicable mine or port on either a unit of production basis or years of operation basis, as appropriate. Amortisation commences when an area of interest is ready for use.

Oil Producing Assets are amortised on a unit of production basis. The method uses the actual costs of the asset to date plus all its projected future development costs. Amortisation commences when an area of interest is ready for use.

#### Deferred Stripping Costs

The Group does not recognise any deferred stripping costs. Based on the nature of the Group's mining operations and the stripping ratio for the components of its operations, the recognition criteria of a deferred stripping asset are not satisfied. Further, it is anticipated that the operations will maintain a consistent stripping ratio at the component level and as such no overburden in advance should be recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

|  | NOTES | LAND AND BUILDINGS MINING \$000 | LAND AND BUILDINGS NON-MINING \$000 | PLANT AND EQUIPMENT \$000 | MINING RESERVES AND LEASES \$000 | MINE AND PORT DEVELOPMENT \$000 | PRODUCING ASSETS \$000 | OIL UNDER CONSTRUCTION \$000 | PLANT UNDER CONSTRUCTION \$000 | RIGHT-OF-USE ASSETS \$000 | TOTAL \$000 |
|--|-------|---------------------------------|-------------------------------------|---------------------------|----------------------------------|---------------------------------|------------------------|------------------------------|--------------------------------|---------------------------|-------------|
| <b>Year ended 31 July 2021</b>                 |       |                                 |                                     |                           |                                  |                                 |                        |                              |                                |                           |             |
| Balance at 1 August 2020                       |       | 209,476                         | 7,066                               | 558,332                   | 1,044,226                        | 113,646                         | 45,827                 | 25,106                       | 81,148                         | 2,084,827                 |             |
| Additions                                      |       | 38                              | -                                   | 36,835                    | -                                | 5,544                           | 4,942                  | 2,161                        | 37,084                         | 86,604                    |             |
| Movements in Rehabilitation                    |       | -                               | -                                   | 5,288                     | -                                | (2,606)                         | 55                     | -                            | -                              | 2,737                     |             |
| Remeasurement of Assets <sup>1</sup>           |       | -                               | -                                   | -                         | -                                | -                               | -                      | -                            | (4,807)                        | (4,807)                   |             |
| Transfers to Asset Classified as Held for Sale | 10    | (7,067)                         | (3,000)                             | -                         | -                                | -                               | -                      | -                            | -                              | -                         | (10,067)    |
| Transfers within Property Plant and Equipment  |       | -                               | -                                   | 23,441                    | -                                | -                               | -                      | (18,573)                     | (4,868)                        | -                         |             |
| Transfers to Exploration and Evaluation Assets | 13    | -                               | -                                   | -                         | -                                | (992)                           | -                      | -                            | -                              | -                         | (992)       |
| Disposal of Assets                             |       | (5,431)                         | -                                   | (12,312)                  | -                                | -                               | -                      | -                            | -                              | -                         | (17,743)    |
| Impairment Charge                              | 14    | (9,101)                         | (635)                               | (30,191)                  | -                                | (1,385)                         | -                      | -                            | (2,136)                        | (43,448)                  |             |
| Depreciation/Amortisation Expense              |       | (1,699)                         | (238)                               | (61,255)                  | (61,664)                         | (5,637)                         | (5,529)                | -                            | (9,256)                        | (145,278)                 |             |
| <b>Balance at 31 July 2021</b>                 |       | <b>186,216</b>                  | <b>3,193</b>                        | <b>520,138</b>            | <b>982,562</b>                   | <b>108,570</b>                  | <b>45,295</b>          | <b>8,694</b>                 | <b>97,165</b>                  | <b>1,951,833</b>          |             |
| <b>Year ended 31 July 2020</b>                 |       |                                 |                                     |                           |                                  |                                 |                        |                              |                                |                           |             |
| Balance at 1 August 2019                       |       | 211,579                         | 8,993                               | 572,990                   | 1,106,979                        | 74,507                          | 82,114                 | 81,071                       | -                              | 2,138,233                 |             |
| Initial adoption of AASB 16 <sup>2</sup>       |       | -                               | -                                   | (6,430)                   | -                                | -                               | -                      | -                            | -                              | 77,519                    | 71,089      |
| Balance at 1 August 2019 – restated            |       | 211,579                         | 8,993                               | 566,560                   | 1,106,979                        | 74,507                          | 82,114                 | 81,071                       | 77,519                         | 2,209,322                 |             |
| Additions                                      |       | 700                             | 5                                   | 58,266                    | -                                | 6,008                           | 13,819                 | 22,418                       | 15,215                         | 116,431                   |             |
| Movements in Rehabilitation                    |       | -                               | -                                   | 7,473                     | -                                | 16,969                          | 5,314                  | -                            | -                              | 29,756                    |             |
| Transfers within Property, Plant and Equipment |       | 88                              | -                                   | 3,874                     | -                                | 21,515                          | -                      | (25,477)                     | -                              | -                         |             |
| Transfers to Intangible Assets                 | 12    | -                               | -                                   | -                         | -                                | -                               | -                      | (321)                        | -                              | (321)                     |             |
| Disposal of Assets                             |       | (1,079)                         | (1,661)                             | (6,965)                   | -                                | -                               | -                      | -                            | -                              | -                         | (9,705)     |
| Impairment Charge                              | 14    | -                               | -                                   | (13,676)                  | -                                | -                               | (47,629)               | (52,585)                     | -                              | (113,890)                 |             |
| Depreciation/Amortisation Expense              |       | (1,812)                         | (271)                               | (57,200)                  | (62,753)                         | (5,353)                         | (7,791)                | -                            | (11,586)                       | (146,766)                 |             |
| <b>Balance at 31 July 2020</b>                 |       | <b>209,476</b>                  | <b>7,066</b>                        | <b>558,332</b>            | <b>1,044,226</b>                 | <b>113,646</b>                  | <b>45,827</b>          | <b>25,106</b>                | <b>81,148</b>                  | <b>2,084,827</b>          |             |

1. Remeasurement of assets relates to remeasurement of Right-of-Use Assets due to a change in lease terms.

2. The Group adopted AASB 16 for the first time on 1 August 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### CRITICAL JUDGEMENTS AND ESTIMATES

#### Impairment Assessment

All Property, Plant and Equipment allocated to Cash Generating Units (CGUs) containing Goodwill must be tested for impairment at the CGU level on an annual basis. Other Property, Plant and Equipment assets must also be tested for impairment when impairment indicators are identified. Refer to Note 14 for further detail on the significant judgements and estimates used in impairment assessment.

#### Estimation of Coal and Oil Reserves and Resources

The Group estimates its coal reserves and resources based on information compiled by Competent Persons as defined in accordance with the JORC Code, which is produced by the Australasian Joint Ore Reserves Committee (JORC). The oil reserves and resources are equivalently calculated by appropriately qualified persons in accordance with the Society of Petroleum Engineers Petroleum Reserves Management System (SPE-PRMS) (updated June 2019).

The estimation of reserves and resources requires judgement to interpret available geological data and then to select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs, recovery rates and discount rates and, in some instances, the renewal of mining licences. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation may change significantly when new information becomes available. In particular the increasing global focus on climate change and associated policy and regulatory risks may impact on future coal demand and prices which could impact reserves and resource estimations.

Changes in coal and oil reserves could have an impact on the calculation of depreciation, amortisation and impairment charges; the timing of the payment of closedown and restoration costs; and the recovery of deferred tax assets. Changes in coal and oil resources could have an impact on the recoverability of exploration and evaluation costs capitalised. Refer to Note 14 for details on Impairment of Assets.

#### New Acland Stage 3 Approvals

A number of uncertainties associated with the approvals, timeline and conditionality of the New Acland Stage 3 project (NAC03) remain at 31 July 2021. Consistent with the position outlined in financial report for the 2020 financial year, the significant delays in the approval process, which have the potential to delay the commencement of NAC03, have been assessed for indications of potential impairment to the Coal Mining QLD operations CGU assets. Refer to Note 14 for details on Impairment of Assets.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 12. INTANGIBLE ASSETS

### ACCOUNTING POLICY

|  |  |
|--|--|
| <b>IT Development and Software</b>         | Costs incurred in IT development and developing software and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised are external direct costs of materials and services. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.  |
| <b>Water Rights and Mining Information</b> | The Group benefits from Water Rights associated with its mining operations through the efficient and cost-effective operation of the mine. These rights are amortised on a straight-line basis over the life of the mine. The value of exploration, pre-feasibility and feasibility costs necessary for regulatory, reporting and internal control purposes have been recognised as a Mining Information Intangible Asset. The total value is amortised over the estimated life of the mine.   |
| <b>Goodwill</b>                            | Goodwill on acquisitions of subsidiaries is included in Intangible Assets. Goodwill on acquisitions of associates is included in Investments in Associates. Goodwill is not amortised. Goodwill is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. |
| <b>Impairment</b>                          | Goodwill and Intangible Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Refer to Note 14 for details of impairment testing. Goodwill impairments are not reversible.   |

|   | NOTES | SOFTWARE<br>\$000 | GOODWILL<br>\$000 | WATER RIGHTS<br>\$000 | MINING<br>INFORMATION<br>\$000 | TOTAL<br>\$000 |
|---|-------|-------------------|-------------------|-----------------------|--------------------------------|----------------|
| <b>Year ended 31 July 2021</b>              |       |                   |                   |                       |                                |                |
| Balance at 1 August 2020                    |       | 1,443             | 5,595             | 11,447                | 62,142                         | 80,627         |
| Amortisation Charge                         |       | (551)             | –                 | (555)                 | (2,969)                        | (4,075)        |
| <b>Balance at 31 July 2021</b>              |       | <b>892</b>        | <b>5,595</b>      | <b>10,892</b>         | <b>59,173</b>                  | <b>76,552</b>  |
| <b>Year ended 31 July 2020</b>              |       |                   |                   |                       |                                |                |
| Balance at 1 August 2019                    |       | 1,468             | 17,866            | 12,004                | 65,119                         | 96,457         |
| Additions                                   |       | 224               | –                 | –                     | –                              | 224            |
| Transfer from Property, Plant and Equipment | 11    | 321               | –                 | –                     | –                              | 321            |
| Impairment Charge                           | 14    | –                 | (12,271)          | –                     | –                              | (12,271)       |
| Amortisation Charge                         |       | (570)             | –                 | (557)                 | (2,977)                        | (4,104)        |
| <b>Balance at 31 July 2020</b>              |       | <b>1,443</b>      | <b>5,595</b>      | <b>11,447</b>         | <b>62,142</b>                  | <b>80,627</b>  |

### CRITICAL ESTIMATE – GOODWILL IMPAIRMENT ASSESSMENT

Management use judgement in determining the CGU's that should be used for impairment testing and allocating Goodwill that arises from business combinations to these CGU's. The Group's Goodwill of \$5,595,000 (2020: \$17,866,000) relates to the acquisition of Queensland Bulk Handling Pty Ltd (QBH). Refer to Note 14 for the details regarding the impairment assessments performed at 31 July 2021 and any related impairment charge recognised in the Profit or Loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 13. EXPLORATION AND EVALUATION ASSETS

### ACCOUNTING POLICY

Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and either such costs are expected to be recouped through successful development and exploration or from sale of the area or activities in the area of interest have not (at reporting date) reached a stage that permits a reasonable assessment of existence or otherwise of economically recoverable reserves. At the time that a decision is taken to develop an area with proven technical feasibility and commercial viability the costs will cease to be capitalised as exploration and evaluation assets and existing assets will be transferred to Property, Plant and Equipment.

Exploration and Evaluation expenditure which do not satisfy these criteria are expensed.

|  | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|--|-------|---------------|---------------|
| Total Exploration and Evaluation Assets      |       | 105,533       | 94,223        |
| Reconciliation                               |       |               |               |
| <b>Balance at 1 August</b>                   |       | 94,223        | 301,589       |
| Additions                                    |       | 10,813        | 12,899        |
| Movements in Rehabilitation                  |       | 753           | 206           |
| Transfers from Property, Plant and Equipment |       | 992           | –             |
| Impairment Charge                            | 14    | (1,248)       | (220,471)     |
| <b>Balance at 31 July</b>                    |       | 105,533       | 94,223        |

### CRITICAL JUDGEMENT – EXPLORATION AND EVALUATION EXPENDITURE

During the year the Group capitalised various items of expenditure to the Exploration and Evaluation Asset. The relevant items of expenditure were deemed to be part of the capital cost of developing future mining and oil operations, which will subsequently be amortised over the life of the mine or oil field. The key judgement applied in considering whether the costs should be capitalised, is that costs are expected to be recovered through either successful development or sale of the relevant area.

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

If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is recognised in the Profit or Loss in the period when the new information becomes available. Refer to Note 14 for the details regarding the impairment assessments performed at 31 July 2021 and any related impairment charge recognised in the Profit or Loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS

### ACCOUNTING POLICY

The Group tests assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An Impairment Charge is recognised immediately in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's Fair Value Less Cost to Dispose (FVLCD) and its value in use (VIU).

For the purposes of assessing impairment, 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 CGU.

Irrespective of whether there is any indication of impairment, the Group also tests Intangible Assets with an indefinite useful life or Intangible Assets not yet available for use for impairment annually. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the CGU to which it is allocated to for impairment testing might be impaired.

With the exception of Goodwill, the Company assesses annually for any indicator of a reversal of a previous impairment. Goodwill previously impaired is non-reversible.

### A. CGU ASSESSMENT

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 CGUs. These CGUs are different to the Group's Operating Segments outlined in Note 1.

### B. ASSESSMENT OF RECOVERABLE AMOUNT

The Company continued to monitor the recoverable amount of certain CGUs during the 2021 financial year. Recoverable amounts have been determined using either a FVLCD or VIU discounted cash flow model, with the exception of exploration related CGUs which uses a comparable resource multiple. These methodologies are subject to critical judgement, estimates and assumptions. The recoverable amount of certain CGUs was determined to be below their carrying amount. These are detailed below.

#### (i) QLD COAL MINING OPERATIONS

The QLD Coal Mining Operations is predominantly comprised of the New Acland Coal Mine. During the 2021 financial year the Company carefully considered the potential impact that recent developments in the complex legal and regulatory environment may have and the possibility of resultant impacts on future cash flows and recoverable amount for the CGU.

A summary of key events pertaining to NAC03 approvals are detailed below:

- On 31 May 2017, the Land Court recommended that the Environmental Approval (EA) and Mining Lease (ML) for the project not be granted;
- On 14 February 2018, the Chief Executive of Department of Environment and Heritage Protection (DEHP) made a decision to refuse the application for amendment of the EA;
- On 28 May 2018 the Supreme Court of Queensland ruled in favour of New Acland with the key orders being:
  - The decisions made by the Land Court on 31 May 2017 recommending rejection of the ML applications for NAC03, and for the refusal of the application for amendment of the EA, were set aside with effect from 31 May 2017;
  - The decision of the Chief Executive of Department of Environment and Science (DES) to refuse the application for an amendment of the EA was set aside with effect from 14 February 2018; and
  - The recommendations of the Land Court in respect of groundwater and intergenerational equity (as it relates to groundwater) were held to be not relevant for consideration by the Land Court and that the matter of noise required further consideration by the Land Court.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (i) QLD COAL MINING OPERATIONS (CONTINUED)

- A hearing of the Land Court, in accordance with the instructions of the Supreme Court from the Judicial Review, was held in early October 2018 with a decision handed down on 7 November 2018. The Land Court conditionally recommended that the ML and EA amendment be granted subject to certain conditions including the Coordinator-General first amending the noise limit conditions to 35 dBA in the evening and night with the Department of Environment and Science (DES) incorporating the changes in the amendment of the EA by 31 May 2019;
- The Associated Water Licence (AWL) application process re-started during July 2018 following engagement with the Department of Natural Resources, Mines and Energy (DNRM). On 19 January 2019, NAC lodged an Amended AWL application which has now progressed through public consultation and is with the Minister for decision;
- On 12 February 2019, New Acland Coal Pty Ltd (NAC) received a change report from the Coordinator-General in respect of the noise conditions for NAC03. On 15 February 2019, DES confirmed that the change report had satisfied all preconditions imposed by the Land Court for the approval of the ML and amendments to the EA and the EA was granted on 12 March 2019;
- With approvals not forthcoming by 1 September 2019 New Acland completed a partial redundancy process;
- The Supreme Court of Queensland decision was appealed by Oakey Coal Action Alliance (OCAA). On 10 September 2019, the Queensland Court of Appeal found in NAC's favour and dismissed the OCAA appeal. The orders requested by NAC were granted on 1 November 2019;
- On 5 June 2020, the High Court of Australia granted OCAA special leave to appeal in respect of the orders issued by the Queensland Court of Appeal given on 1 November 2019;
- The NAC03 project requires a Regional Interests Development Approval (RIDA) in accordance with the Regional Planning Interests Act 2014. The application was approved, with conditions, by the Queensland Treasury on the 27 August 2020;
- On 3 February 2021, the High Court of Australia upheld the appeal by Oakey Coal Action Alliance (OCAA) against NAC03 in respect of the orders issued by the Queensland Court of Appeal given on 1 November 2019; and
- The High Court ordered the matter to be re-heard in the Queensland Land Court. The date has been reserved for this Land Court hearing 3 November 2021.

In light of the above pertaining to NAC03 approvals and the stage of mine life, the Directors undertook an impairment assessment in relation to the QLD Coal Mining CGU at 31 July 2020 recognising an impairment charge of \$110,783,000 (recognised in the Group's QLD Coal Mining segment). The Directors determined the recoverable amount for the CGU based on a FVLCD calculation, using discounted cashflow projections, adjusted with probability weightings specific to individual scenarios to derive a weighted average recoverable amount. Given ongoing delays in approvals the Directors revisited impairment assessments at both 31 January and 31 July 2021. Several scenarios have been assessed, considering a combination of different assumptions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (i) QLD COAL MINING OPERATIONS (CONTINUED)

Key assumptions used in FVLCD calculations:

| ASSUMPTION   | DESCRIPTION  |
|--|--|
| <b>Approvals, timelines, probabilities and coal tonnages</b> | The extension of approval timelines and the nature of approvals has a direct impact on assumptions relating to the volume of coal tonnages to be produced and sold. The assessments have been considered based on project approvals being granted in 2022 in the earliest instance (highest probability), or at the latest with operations recommencing on 1 August 2026 (low probability). The assumptions of the impairment assessment reflect that once approvals are granted NAC03 operates for the full life of mine with varying tonnage scenarios considered to optimise the return from the assets. An assessment was also considered based on the project approvals not being granted and the Company not pursuing approvals, placing the operations into care and maintenance (low probability). |
| <b>Coal Price</b>  | Short-term coal prices have improved since October 2020 and long-term indications of pricing have remained largely consistent and in line with pricing reflected at 31 July 2020.  |

|                                       |            | 31 JULY 2021       | 31 JANUARY 2021    | 31 JULY 2020      |
|---------------------------------------|------------|--------------------|--------------------|-------------------|
| Project Approvals                     |            |                    |                    |                   |
| Number of scenarios                   |            | 4                  | 5                  | 6                 |
| Earliest Approvals                    |            | Aug-22             | Aug-21             | Aug-21            |
| Latest Approvals                      |            | Aug-26             | Feb-23             | Aug-27            |
| Care and maintenance                  |            | ✓                  | ✓                  |                   |
| Coal Price – nominal basis            | US\$/tonne | \$55.13 – \$127.54 | \$55.13 – \$127.30 | \$47.80 – \$133.5 |
| Foreign Exchange                      | AUD:USD    | 0.75 – 0.77        | 0.74 – 0.75        | 0.68 – 0.73       |
| Discount Rate (post-tax) <sup>1</sup> | %          | 10.5               | 10.5               | 10.5              |

<sup>1</sup> Discount Rate (post-tax) – Long-Term Care and Maintenance, 3.5 per cent.

In undertaking impairment assessments, the Company has considered the potential impact of climate change risk on the future cash flows contained within the FVLCD calculation. These risks include the potential impact on future coal prices of changes in market supply and demand dynamics over the life of NAC03, and the potential for cost volatility associated with factors such as climate change related regulatory changes.

At 31 January 2021, the Company concluded that in aggregate these matters resulted in the recoverable amount for the CGU being below its carrying value. As a result, an Impairment Charge of \$40,259,000 was recognised in the Statement of Comprehensive Income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (i) QLD COAL MINING OPERATIONS (CONTINUED)

The recoverable amount and Impairment Charge calculated to align to recoverable amount is outlined below.

|  | NOTES | 2021                     |                         | 2020                     |                         |
|--|-------|--------------------------|-------------------------|--------------------------|-------------------------|
|  |       | RECOVERABLE AMOUNT \$000 | IMPAIRMENT CHARGE \$000 | RECOVERABLE AMOUNT \$000 | IMPAIRMENT CHARGE \$000 |
| Property, Plant and Equipment                  |       |                          |                         |                          |                         |
| Land and Buildings – Mining                    |       | 18,859                   | 9,053                   | 29,592                   | –                       |
| Plant and Equipment                            |       | 19,007                   | 30,191                  | 62,208                   | 12,864                  |
| Mining Reserves, Leases and Development Assets |       | 97                       | –                       | 866                      | –                       |
| Plant under Construction                       |       | 252                      | –                       | 516                      | 52,585                  |
| Intangibles                                    |       |                          |                         |                          |                         |
| Software                                       |       | 373                      | –                       | 688                      | –                       |
| Exploration and Evaluation                     |       |                          |                         |                          |                         |
| Exploration and Evaluation at cost             |       | 2,204                    | 1,015                   | –                        | 45,334                  |
| <b>Total</b>                                   |       | <b>40,792</b>            | <b>40,259</b>           | <b>93,870</b>            | <b>110,783</b>          |

In assessing the recoverable amount for the CGU the Directors have endeavoured to use reasonable assumptions and judgements of future uncertainties in key pricing, discount rate, foreign exchange assumptions and probabilities of certain scenarios. Any changes in actual scenario outcomes could either result in additional impairments of the remaining carrying value of \$40,792,000 or reversal of previously booked impairments.

#### Impairment of Mining Land

Land with a net book value of \$569,000 within the QLD Coal Mining Operations CGU was reclassified as Assets Classified as Held for Sale on 8 June 2021. The Company recognised an Impairment charge of \$48,000 following the remeasurement of this asset to its fair value less costs to sell. Refer to Note 11.

#### Additional considerations

The QLD Coal Mining Operations CGU has take or pay agreements for rail, port and water supply. The rail agreement is generally aligned to the mining of Stage 2 coal, while the port and water agreements are longer term. In relation to the rail agreement, refer to Note 15c. In respect of the water agreement, should approvals for Stage 3 ultimately not be granted and the operations be placed into long-term care and maintenance, an onerous contract may need to be recognised, if the unavoidable costs of the contract cannot be mitigated.

The QLD Coal Mining Operations CGU is a customer of the Port Operations CGU of the Group. As such in the event that there are circumstances which impact Queensland Coal Mining Operations CGU, this may be relevant to the recoverable value of the Port Operations CGU and will be a factor in any future impairment considerations. During the 2021 financial year no indicators of impairment were noted with regard to the Port Operations CGU, however it was tested in relation Goodwill as outlined in (B)(ii).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (i) QLD COAL MINING OPERATIONS (CONTINUED)

The carrying value of the Port Operation CGU assets is set out below:

|                               | 2021<br>\$000  | 2020<br>\$000  |
|-------------------------------|----------------|----------------|
| Property, Plant and Equipment |                |                |
| Land and Buildings            | 1,466          | 1,541          |
| Plant and Equipment           | 74,835         | 77,269         |
| Right-of-Use Assets           | 54,513         | 59,069         |
| Port Development              | 10,348         | 10,857         |
| Plant under Construction      | 50             | 896            |
| Intangibles                   |                |                |
| Software                      | 54             | 83             |
| Goodwill                      | 5,595          | 5,595          |
| <b>Total Carrying Value</b>   | <b>146,861</b> | <b>155,310</b> |

#### (ii) GOODWILL

Goodwill relates to the acquisition of Queensland Bulk Handling Pty Ltd (Port Operations), \$5,595,000, (2020: \$5,595,000). Goodwill was applied to CGUs at the time of acquisition.

#### Port Operations

The recoverable amount of the Port Operations CGU has been determined based on a VIU calculation. This calculation uses a discounted cash flow model. The future cashflows have been discounted using a post-tax discount rate of 9.5 per cent (2020: 9.5 per cent). At 31 July 2021 the recoverable amount was assessed to be greater than the carrying value for this CGU and as such no Impairment Charge was recognised for the 2021 financial year (2020: nil). The Port Operations CGU is part of the Group's Coal Mining QLD segment.

#### Coal Exploration Assets

In the 2020 financial year Goodwill relating to Coal Exploration Assets was impaired in full as the recoverable amount of the CGU was assessed to be less than the carrying value of the CGU. An Impairment Charge of \$12,271,000 was recognised in the Statement of Comprehensive Income. The recoverable amount of the Coal Exploration Asset CGUs was determined based on a comparable resource multiple attributable to the CGU. Details of the impairment assessment for the CGU are outlined in B(iii).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (iii) COAL EXPLORATION AND EVALUATION ASSETS

The Company determined that an indicator of impairment existed as at 31 July 2021 in respect of the North Surat Coal Exploration Projects. The indicator arose as a result of the market conditions for Coal Exploration Assets.

The recoverable amount of the CGUs was determined based on a FVLCD calculation underpinned by a resource multiple. A resource multiple is considered the appropriate valuation methodology for an exploration asset of this type as it represents the price paid for the resources in market transactions for exploration tenures. The Group determined that a resource multiple of \$0.03 (31 July 2020: \$0.03) be ascribed to the JORC resources.

As a result of the impairment assessment, the recoverable amount of the CGU was assessed to be below its carrying value for this CGU and an Impairment Charge of \$1,618,000 (31 July 2020: \$157,197,000 (excluding Goodwill of \$12,271,000)), was recognised in the Statement of Comprehensive Income at 31 July 2021, of which \$1,385,000 (31 July 2020: nil) related to Mine Development Assets included in Property, Plant and Equipment. This Impairment Charge has been recognised in the Group's Other segment.

The recoverable amount and Impairment Charge calculated is outlined below:

|                               | NOTES | 2021                     |                         | 2020                     |                         |
|-------------------------------|-------|--------------------------|-------------------------|--------------------------|-------------------------|
|                               |       | RECOVERABLE AMOUNT \$000 | IMPAIRMENT CHARGE \$000 | RECOVERABLE AMOUNT \$000 | IMPAIRMENT CHARGE \$000 |
| North Surat Coal Project      |       |                          |                         |                          |                         |
| Exploration and Evaluation    |       | 25,530                   | 233                     | 23,069                   | 147,816                 |
| Property, Plant and Equipment |       | 8,797                    | 1,385                   | 10,861                   | –                       |
| Yamala Coal Project           |       |                          |                         |                          |                         |
| Exploration and Evaluation    |       | 4,989                    | –                       | 5,939                    | 9,381                   |
| Goodwill                      |       | –                        | –                       | –                        | 12,271                  |
| Total                         |       | 39,316                   | 1,618                   | 39,869                   | 169,468                 |

At 31 July 2021 any changes in other assumptions could result in additional impairment, with a residual carrying value at risk of \$39,316,000 (2020: \$39,869,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (iv) IMPAIRMENT OF BUILDING ASSETS

On 28 July 2021 the Company executed a contract for sale certain building assets. The Assets were remeasured to fair value less costs to sell resulting in an Impairment Charge of \$635,000. Refer Note 11.

On 30 May 2021 the Company executed a contract to partially sublease its head office building. An Impairment charge of \$2,136,000 was recognised on remeasurement of the Right-of-Use Asset to fair value following a change in assumptions pertaining to the Company's original fair value measurement assessment.

#### (v) OIL PRODUCING AND EXPLORATION ASSETS

At 31 July 2021 the Company determined that no indicators of impairment existed in respect of its Oil Producing and Exploration Assets. At 31 July 2020 the Company determined that there were indicators of impairment in respect of certain Oil Producing and Exploration Assets. The indicator arose due to the significant decline in global oil prices impacted by the COVID-19 global pandemic and the potential expiration of exploration rights in the future.

Key assumptions used in FVLCD calculations at 31 July 2020:

| ASSUMPTION       | DESCRIPTION   |
|------------------|---|
| Oil price        | The oil price range for assessments at was US\$40 – US\$65/bbl (real basis).                |
| Foreign Exchange | The assumed AUD:USD foreign exchange rate modelled was 0.68 – 0.73.                         |
| Discount Rates   | The future cash flows have been discounted using a post-tax discount rate of 10.0 per cent. |

Oil Exploration Assets were assessed with respect to the ongoing investment. Due to the potential relinquishment of certain interests if expenditure commitments are not satisfied, it was determined that the recoverable amount for each CGU was below their carrying amounts.

As a result of this impairment assessment a total Impairment Charge of \$66,381,000 was recognised in the Statement of Comprehensive Income for the year ended 31 July 2020. This Impairment Charge has been recognised in the Group's Other segment.

|                                   | NOTES | 2020                           |                               |
|-----------------------------------|-------|--------------------------------|-------------------------------|
|                                   |       | RECOVERABLE<br>AMOUNT<br>\$000 | IMPAIRMENT<br>CHARGE<br>\$000 |
| Property, Plant and Equipment     | 11    | 2,000                          | 812                           |
| Oil Producing Assets              |       |                                |                               |
| Cooper Basin Operated             | 11    | 5,832                          | 25,985                        |
| Cooper Basin Non-Operated         | 11    | 7,825                          | 12,479                        |
| Surat Basin Operated              | 11    | 1,747                          | 9,165                         |
| Exploration and Evaluation Assets |       | –                              | 17,940                        |
| Total                             |       | 17,404                         | 66,381                        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 14. IMPAIRMENTS OF ASSETS (CONTINUED)

### B. ASSESSMENT OF RECOVERABLE AMOUNT (CONTINUED)

#### (v) OIL PRODUCING AND EXPLORATION ASSETS (CONTINUED)

##### CRITICAL JUDGEMENTS AND ESTIMATES

The determination of FVLCD and VIU requires the Directors to make estimates and assumptions about the expected long-term commodity prices, production timing and probabilities, tonnages and recovery rates, foreign exchange rates, operating costs, reserve and resource estimates (refer to Note 11), closure costs and discount rates. Estimates in respect of the timing of project expansions and the cost to complete asset construction are also critical to determining the recoverable amounts for CGUs. The fair value measurements used in these calculations are based on non-observable market data which are considered Level 3 in the fair value hierarchy.

In determining a comparable resource multiple, judgement is involved in determining the appropriate discount to apply to the resource multiple. The resource multiple is considered Level 3 in the fair value hierarchy due to this judgement, which uses non-observable market data, rather than quoted prices to determine the discount.

Judgement is involved in assessing whether there are indicators of impairment including the impact of events or changes in circumstances on CGU's, in addition to assessing the potential for expiration of exploration rights without renewal, and the potential timing of such events.

The above judgements, estimates and assumptions are subject to risk and uncertainty and may change as new information becomes available. In particular, the increasing global focus on climate change and associated policy and regulatory risk may impact some of the above judgements, estimates and assumptions. In the event the recoverable amount of assets is impacted by changes in these, the carrying amount of the assets may be further impaired with the impact recognised in the Statement of Comprehensive Income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 15. PROVISIONS

### ACCOUNTING POLICY

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.

|  |  |
|--|--|
| <b>Short-Term Employee Benefit Obligations</b>                   | Liabilities for wages and salaries, including non-monetary benefits, annual leave, vesting sick leave and redundancies expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. These are measured at the amounts expected to be paid when the liabilities are settled. The liability of annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.  |
| <b>Other Long-Term Employee Benefit Obligations</b>              | The liability for long service leave and annual leave which is not expected to be settled within 12 months of balance date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on a high-quality corporate bonds rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. |
| <b>Restoration, Rehabilitation and Environmental Expenditure</b> | Provisions are raised for restoration and rehabilitation expenditure as soon as an obligation exists, with the cost being charged to the Statement of Comprehensive Income in respect of ongoing rehabilitation. Where the obligation relates to decommissioning of assets and restoring the sites on which they are located, the costs are carried forward in the value of the asset and amortised over its useful life.  |
| <b>Onerous contracts</b>   | A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected new cost of continuing with the contract.   |

|             | EMPLOYEE<br>BENEFITS<br>\$000 | RESTORATION/<br>REHABILITATION<br>\$000 | ONEROUS<br>CONTRACTS<br>\$000 | TOTAL<br>\$000 |
|-------------|-------------------------------|---|-------------------------------|----------------|
| <b>2021</b> |                               |   |                               |                |
| Current     | 36,630                        | 326                                     | 16,477                        | 53,433         |
| Non-Current | 6,976                         | 267,633                                 | –                             | 274,609        |
|             | 43,606                        | 267,959                                 | 16,477                        | 328,042        |
| <b>2020</b> |                               |   |                               |                |
| Current     | 40,148                        | 7,693                                   | –                             | 47,841         |
| Non-Current | 6,982                         | 241,363                                 | –                             | 248,345        |
|             | 47,130                        | 249,056                                 | –                             | 296,186        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 15. PROVISIONS (CONTINUED)

### A. EMPLOYEE BENEFITS

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| Current long service leave obligations expected to be settled after 12 months | 11,138        | 14,505        |

The current provision for employee benefits includes accrued annual leave, vested sick leave and long service leave for all unconditional settlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payment in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

### B. MINING RESTORATION AND REHABILITATION

|   | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|---|-------|---------------|---------------|
| Movements   |       |               |               |
| Balance at 1 August                               |       | 249,056       | 225,862       |
| Provision Capitalised                             |       | 3,490         | 29,962        |
| Provision charged/(released) to Profit or Loss    |       | 11,517        | (10,983)      |
| Charged to Profit or Loss – unwinding of discount | 18(d) | 3,896         | 4,215         |
| Balance at 31 July                                |       | 267,959       | 249,056       |

### C. ONEROUS CONTRACTS

The Group has recognised a provision for an onerous take or pay rail contract as a result of the ramp down of its QLD Mining Operations with \$37,276,000 charged to the Statement of Comprehensive Income in the year ending 31 July 2021 and a provision remaining of \$16,477,000 at the balance sheet date. This contract ends in December 2021.

### D. LIQUIDATION PROCESSES

The Directors of the Company's subsidiaries, Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton Coal), placed the companies into voluntary administration on 17 October 2018. The companies were subsequently placed into liquidation by creditors at a meeting on 26 July 2019. At 31 July 2019, when Wiggins Island Coal Export Terminal Pty Ltd (WICET) and the liquidators for NEC and Colton Coal were claiming in proceedings that New Hope Corporation Limited and certain of its subsidiaries had guaranteed the debts of NEC and Colton Coal under the Deed of Cross Guarantee (DOCG) in an amount of approximately \$155,000,000, the Group had recognised a provision for \$16,000,000 which it considered at that time was the best estimate of the future probable net economic outflows associated with the NEC and Colton Coal matter.

A summary of developments associated with this matter, are outlined below:

#### DEED OF CROSS GUARANTEE PROCEEDINGS

- On 20 August 2019, WICET and the Liquidators on behalf of NEC and Colton Coal filed appeals with the Court of Appeal in New South Wales in relation to the Supreme Court's decision in favour of the Company on the DOCG;
- On 20 December 2019, the Court of Appeal in New South Wales dismissed (with costs) WICET, NEC and Colton Coal's appeal, confirming the Supreme Court's declaration that the Company had not guaranteed the debts of NEC and Colton Coal under the DOCG;
- In January 2020, applications were made by WICET and by the Liquidators on behalf of NEC and Colton Coal for special leave to appeal to the High Court of Australia in relation to the New South Wales Court of Appeal decision;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 15. PROVISIONS (CONTINUED)

### D. LIQUIDATION PROCESSES (CONTINUED)

#### DEED OF CROSS GUARANTEE PROCEEDINGS (CONTINUED)

- On 12 June 2020, the High Court of Australia dismissed (with costs) WICET, NEC and Colton Coal's applications for special leave to appeal. This left in place the determinations of the Supreme Court and Court of Appeal in New South Wales that the Company has not guaranteed the debts of NEC and Colton Coal under the Company's DOCG; and
- Due to the successful results in relation to the DOCG proceedings, the Company released the previously held provision in the year ended 31 July 2020.

#### ADMINISTRATION/LIQUIDATION PROCESS

The Liquidators commenced proceedings in the Supreme Court of New South Wales on 26 March 2021 against the Company, associated subsidiary companies and former directors and officers of NEC and Colton. The claims made by the Liquidators include that NEC and Colton were trading whilst insolvent. The Liquidators estimate the total value of the alleged claims to be approximately \$175,000,000 plus interest and costs.

On 26 August 2021, the Liquidators filed and served an Amended Statement of Claim joining Wiggins Island Coal Export Terminal Pty Limited as a plaintiff to the proceedings.

The Liquidators evidence was due to be served by 17 September 2021 and a number of affidavits and documents have been received. The proceedings are listed for further directions on 5 October 2021. The Court is yet to set a date for the defendants to serve their evidence or for the hearing of the proceedings.

The Group denies the claims made by the Liquidators and intends to vigorously defend the proceedings.

#### SUMMARY

The Company has considered its position and has determined that no provision is required to be made as at 31 July 2021.

### CRITICAL ESTIMATE – DETERMINATION OF RESERVES ESTIMATES, REHABILITATION COSTS AND ONEROUS CONTRACTS

#### REHABILITATION

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

The Group makes estimates about the future cost of rehabilitating tenements which are currently disturbed, based on legislative requirements and current costs. There are policy change risks in particular with the growing global focus on climate change which may impact on rehabilitation obligations. Cost estimates take into account past experience and expectations of future events that are expected to alter past experiences. Any changes to legislative requirements could have a significant impact on the expenditure required to restore these areas.

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

#### ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected new cost of continuing with the contract.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 16. CASH AND CASH EQUIVALENTS

### ACCOUNTING POLICY

Cash and Cash Equivalents include Cash at Bank and 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.

|                          | 2021<br>\$000 | 2020<br>\$000 |
|--------------------------|---------------|---------------|
| Cash at bank and on hand | 424,663       | 70,377        |

### 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 per cent and 0.6 per cent (2020: 0 per cent and 0.6 per cent).

### B. RISK EXPOSURE

Information about the Group's exposure to foreign exchange risk and credit risk is detailed in Note 22.

## 17. EQUITY INVESTMENTS

### ACCOUNTING POLICY

The Group classifies its Financial Assets as either subsequently measured at fair value (FV) or amortised cost and the classification is determined by the Group's business model for managing the Financial Assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded through Profit or Loss or OCI. For Equity Investments the Group must make an irrevocable election on initial recognition to account for any Equity Investment at FVOCI. At initial recognition the Group measures a Financial Asset at its fair value plus transaction costs attributable to the acquisition (where the asset is not FVTPL). Transaction costs for Financial Assets that are FVTPL are expensed in the Profit or Loss.

|                          | 2021<br>\$000 | 2020<br>\$000 |
|--------------------------|---------------|---------------|
| Listed Equity Securities | 229           | 193           |

An irrevocable election has been made to classify existing Equity Investments held by the Group at FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS

### ACCOUNTING POLICY

Borrowings comprise Interest-Bearing Loans and Lease Liabilities, net of Finance Costs. Refer to each sub-section which follows for details of the Group's accounting policies on Interest-Bearing Loans (Secured and Unsecured), Leases Liabilities and Finance Income and Expense.

|  | 2021<br>\$000 | 2020<br>\$000 |
|--|---------------|---------------|
| <b>Current Liabilities</b>               |               |               |
| Lease Liabilities                        | 10,066        | 9,810         |
| Secured loan                             | 953           | 928           |
|  | 11,019        | 10,738        |
| <b>Non-Current Liabilities</b>           |               |               |
| Lease Liabilities                        | 90,585        | 73,335        |
| Secured Loan <sup>1</sup>                | 307,101       | 355,024       |
| Unsecured Convertible Notes <sup>2</sup> | 189,193       | –             |
|  | 586,879       | 428,359       |
|  | 597,898       | 439,097       |

1 Net of transaction costs capitalised \$2,898,000 (2020: \$4,976,000).

2 Net of transaction costs capitalised.

Details of the Group's exposure to risks arising from current and non-current borrowing are set out below.

### A. INTEREST-BEARING LOANS

#### ACCOUNTING POLICY

Interest-Bearing Loans are initially recognised at fair value, net of any transactions costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the term of the liability using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

Interest-Bearing Loans are classified as Current Liabilities to the extent that the Group has no unconditional right to defer settlement of the liability for at least 12 months after the balance date.

On issuance of Convertible Notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note. This amount is carried as a Non-Current Liability on an amortised basis until extinguished on conversion or redemption. The increase in liability due to the passage of time is recognised as a Finance Cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in Contributed Equity, net of transaction cost. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the Convertible Note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### A. INTEREST-BEARING LOANS (CONTINUED)

#### (i) SECURED LOANS

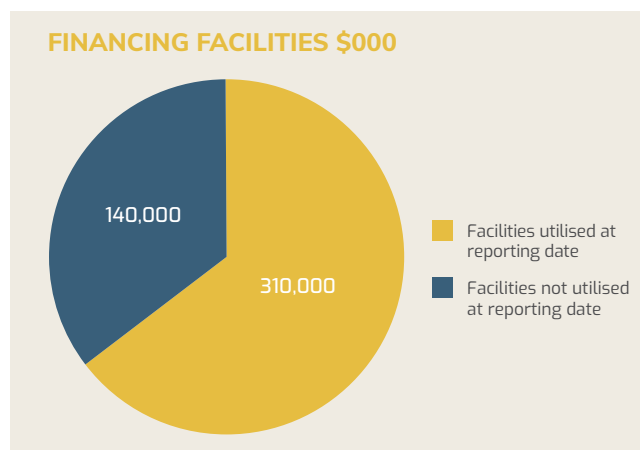
|                         | 2021<br>\$000 | 2020<br>\$000 |
|-------------------------|---------------|---------------|
| Current Liabilities     | 953           | 928           |
| Non-Current Liabilities | 307,101       | 355,024       |
|                         | 308,054       | 355,952       |

#### Financing Activities During the Period

The Group's Secured Loan Facility is with a syndicate of Australian and international banks. The facility comprised a \$600,000,000 drawable amortising facility and a \$300,000,000 credit support facility. The facility's drawable line for credit is for general corporate purposes and has a maturity of November 2023. Refer to Note 18(f).

During the 2021 financial year an additional \$20,000,000 (2020: \$135,000,000) of debt was drawn down under the facility, with \$70,000,000 (2020: \$135,000,000) being repaid. At the end of the financial year, the Secured Loan Facility had amortised to \$450,000,000 (2020: \$510,000,000). Facilities utilised at the end of the financial year was \$310,000,000 (2020: \$360,000,000).

The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 financial year period.



#### Secured Liabilities and Assets Pledged as Security

Lenders under the Secured Loan Facility have been granted a registered security interest over all assets held by the Group (with the exception of excluded subsidiaries). The excluded subsidiaries include the following controlled subsidiaries Bridgeport Energy Limited, Bridgeport Eromanga Pty Ltd, Bridgeport (Cooper Basin) Pty Ltd, Bridgeport (QLD) Pty Ltd, Bridgeport Surat Basin Pty Ltd, Oilwells Inc of Kentucky and Oilwells Sole Risk Pty Ltd as well as previously controlled subsidiaries NEC and Colton. Lessors hold first rights in respect of leased assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### A. INTEREST-BEARING LOANS (CONTINUED)

#### (ii) UNSECURED CONVERTIBLE NOTES

On 2 July 2021, the Company issued Convertible Notes (Notes) with an aggregate principal amount of \$200,000,000. There has been no movement in the number of these Notes since the issue date.

The Notes are convertible at the option of the Noteholders into Ordinary Shares based on an initial conversion price of \$2.10 per share at any time on or after 12 August 2021 up to the date falling five business days prior to the final maturity date, 2 July 2026. The Noteholder has the option to require the Company to redeem all or some of the Noteholder's Notes on 2 July 2024 for an amount equal to 100 per cent of the principal amount of the Notes plus any accrued but unpaid interest. Any Notes not converted will be redeemed on 2 July 2026 at the principal amount of the Notes plus any accrued but unpaid interest.

The Notes carry interest at a rate of 2.75 per cent per annum which is payable semi-annually in arrears on 2 July and 2 January.

The net proceeds from the Notes, after deducting all the related costs and expenses, were \$195,202,000. The proceeds are recorded in Cash and Cash Equivalents at 31 July 2021. The Company intends to use the net proceeds from the Convertible Notes Offering for general corporate purposes, which may include further growth expansion and opportunistic M&A activity.

The fair value of the liability component of the Notes was estimated at the issuance date using an equivalent market interest rate of a similar bond. The net proceeds received from the issuance of the Notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the Group, as follows:

|  | 2021<br>\$000  |
|--|----------------|
| <b>CONVERTIBLE NOTES – INITIAL RECOGNITION OF COMPONENTS</b> |                |
| Opening Balance at 1 August 2020                             | –              |
| Nominal Value of Convertible Notes issued                    | 200,000        |
| Equity Component of the Convertible Notes                    | (6,610)        |
| Transaction Fees <sup>1</sup>                                | (4,798)        |
|  | 188,592        |
| Liability Component  |                |
| Interest on Convertible Notes                                | 601            |
| <b>Unsecured Non-Current Liabilities</b>                     | <b>189,193</b> |

1 Transaction costs are proportionately allocated, with \$4,635,000 allocated to the liability component and \$163,000 to the equity component on initial recognition.

No Notes converted to Ordinary Shares during the 2021 financial year. The number of Ordinary Shares into which the Notes may convert at 31 July 2021 is 95,238,095.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### B. LEASE LIABILITIES

#### ACCOUNTING POLICY

Lease Liabilities are recognised, measured, presented and disclosed in accordance with AASB 16 Leases (AASB 16). The Group presents Right-of-Use assets in Property, Plant and Equipment and Lease Liabilities in Borrowings in the Statement of Financial Position.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a Right-of-Use Asset and a corresponding Lease Liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, which takes into account any extensions that are likely to be enacted, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Lease Liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable under residual value guarantees; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Lease Liability is subsequently measured by increasing the carrying amount to reflect interest on the Lease Liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the Right-of-Use Asset, or is recorded in Profit or Loss if the carrying amount of the Right-of-Use Asset has been reduced to zero.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are comprised of IT equipment and small items of office furniture.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### B. LEASE LIABILITIES (CONTINUED)

The Group leases property, including office buildings and port facilities, and plant and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions.

The maturity profile of Lease Liabilities recognised at the end of the financial year is:

|  | 2021<br>\$000  | 2020<br>\$000 |
|--|----------------|---------------|
| Lease Liabilities are payable as follows:                                    |                |               |
| Within One Year  | 14,398         | 12,956        |
| Later than One Year but not later than Five Years                            | 52,195         | 20,862        |
| Later than Five Years  | 73,072         | 96,545        |
| Minimum Lease Payments   | 139,665        | 130,363       |
| Future Finance Charges   | (39,014)       | (47,218)      |
| <b>Total Lease Liability</b>   | <b>100,651</b> | <b>83,145</b> |
| The present value of Lease Liabilities is as follows:                        |                |               |
| Within One Year  | 10,066         | 9,810         |
| Later than One Year but not later than Five Years                            | 38,977         | 9,639         |
| Later than Five Years  | 51,608         | 63,696        |
| <b>Total Lease Liability</b>   | <b>100,651</b> | <b>83,145</b> |
| Amounts recognised in the Profit or Loss during the 2021 financial year are: |                |               |
| Depreciation Expense on Right-of-Use Assets                                  | 9,256          | 11,586        |
| Impairment of Right-of-Use Assets  | 2,136          | –             |
| Interest Expense on Lease Liabilities  | 5,173          | 3,926         |
| Expense relating to Short-Term Leases <sup>1</sup>                           | 516            | 1,455         |
| Expense relating to Leases of Low-Value Assets <sup>1</sup>                  | 51             | 247           |
| <b>Total Expense for Leases recognised in Profit or Loss</b>                 | <b>17,132</b>  | <b>17,214</b> |

<sup>1</sup> Amounts recognised within Profit or Loss as Cost of Sales

#### Secured Liability

Lease Liabilities are effectively secured as the rights to the leased assets recognised in the Consolidated Financial Statements revert to the lessor in the event of default.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### C. MOVEMENTS IN INTEREST-BEARING LOANS AND LEASE LIABILITIES

Details of the Group's exposure to risks arising from current and non-current borrowings are set out on below:

| CHANGES ARISING IN LIABILITIES FROM FINANCING ACTIVITIES | 2021<br>\$000  | CASH FLOWS<br>\$000 | NON-CASH<br>CHANGES <sup>1</sup><br>\$000 | 2021<br>\$000  |
|--|----------------|---------------------|---|----------------|
| Lease Liabilities  | 83,145         | (13,876)            | 31,382                                    | 100,651        |
| Secured Loans  | 355,952        | (50,000)            | 2,102                                     | 308,054        |
| Unsecured Convertible Notes                              | –              | 195,702             | (6,509)                                   | 189,193        |
| <b>Total Liabilities from Financing Activities</b>       | <b>439,097</b> | <b>131,826</b>      | <b>26,975</b>                             | <b>597,898</b> |

| CHANGES ARISING IN LIABILITIES FROM FINANCING ACTIVITIES | 2020<br>\$000  | CASH FLOWS<br>\$000 | NON-CASH<br>CHANGES <sup>1</sup><br>\$000 | 2020<br>\$000  |
|--|----------------|---------------------|---|----------------|
| Lease Liabilities  | 7,790          | (10,815)            | 86,170                                    | 83,145         |
| Secured Loans  | 352,948        | –                   | 3,004                                     | 355,952        |
| Unsecured Convertible Notes                              | –              | –                   | –   | –              |
| <b>Total Liabilities from Financing Activities</b>       | <b>360,738</b> | <b>(10,815)</b>     | <b>89,174</b>                             | <b>439,097</b> |

1 Total non-cash change in Lease Liabilities during the 2021 financial year includes \$37,085,000 of new leases recognised and a reduction of \$4,723,000 (2020: nil) related to a remeasurement of leases during the year. In the 2020 financial year total non-cash changes included \$71,098,000 related to leases on initial adoption of AASB 16 and \$15,215,000 related to new leases entered during the period.

The fair value of Interest-Bearing Liabilities materially approximates their respective carrying values as at 31 July 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### D. FINANCE INCOME AND EXPENSE

#### ACCOUNTING POLICY

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

Finance Expenses comprise Interest Expense on Interest-Bearing Liabilities, Unwinding of the Discount on Provisions, Interest Expense in relation to Leases. All Finance Expenses are recognised as expenses in the period in which they are incurred unless they relate to the construction of a qualifying asset and are then capitalised. Qualifying Assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| Recognised in the Statement of Comprehensive Income |               |               |
| Interest Income                                     | 85            | 689           |
| Finance Income                                      | 85            | 689           |
| Interest on Drawn Secured Loan                      | (10,681)      | (13,219)      |
| Amortisation of Transaction Costs on Secured Loan   | (2,076)       | (2,076)       |
| Commitment Fees on Secured Loan                     | (2,275)       | (2,411)       |
| Interest on Unsecured Convertible Notes             | (601)         | –             |
| Interest Expense on Lease Liabilities               | (5,173)       | (3,926)       |
| Unwinding of Discount on Provisions                 | (3,896)       | (4,215)       |
| Other Financing Costs                               | (1,973)       | (528)         |
| Net Financing Expenses                              | (26,675)      | (26,375)      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 18. BORROWINGS (CONTINUED)

### E. CONTINGENT LIABILITIES

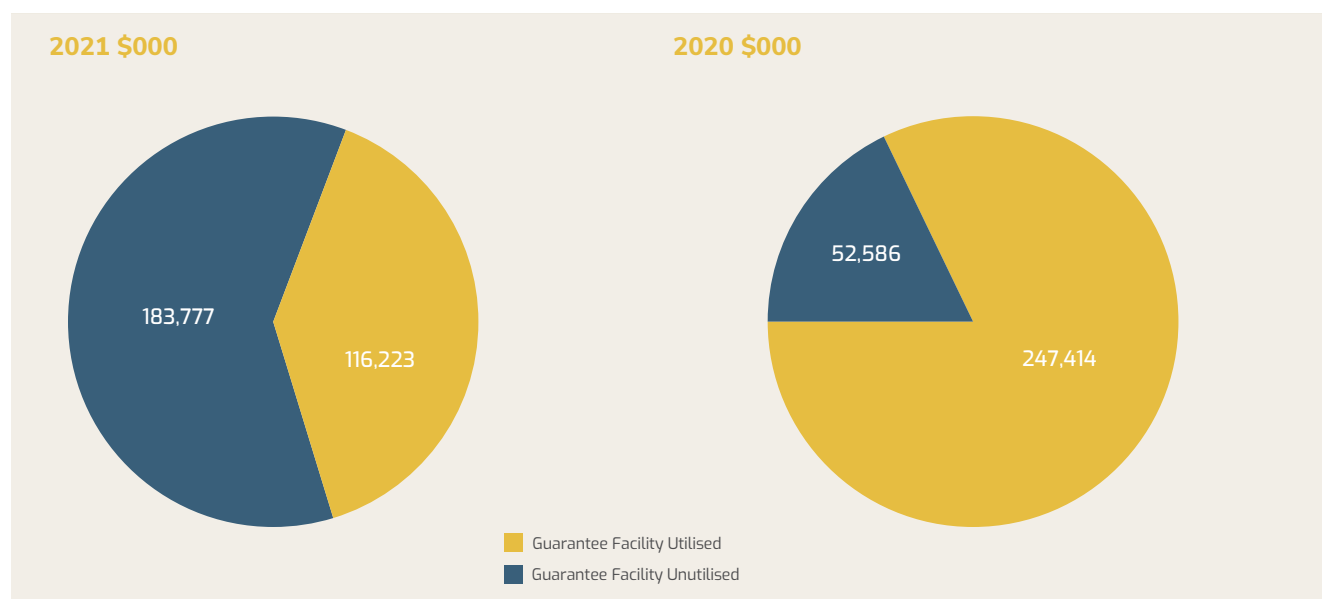
Details and estimates of maximum amounts of Contingent Liabilities for which no provision is included in the accounts are as follows:

|   | 2021<br>\$000 | 2020<br>\$000 |
|---|---------------|---------------|
| The Bankers of the Consolidated Entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities, and various other entities. | 14,132        | 15,820        |
| The Company's share of security provided by the Bankers of the Bengalla Joint Venture in respect of bank guarantees provided to rail and port suppliers. <sup>1</sup>                     | –             | 13,669        |
| No losses are anticipated in respect of any of the above Contingent Liabilities.  |               |               |
| The Parent Company has given secured guarantees in respect of:  |               |               |
| (i) Mining Restoration and Rehabilitation   | 102,091       | 231,594       |
| The liability has been recognised by the Group in relation to its rehabilitation obligations.   |               |               |
| (ii) Statutory body suppliers, financiers and various other entities  | 14,132        | 29,489        |
| No liability was recognised by the Consolidated Entity in relation to these guarantees as no losses are foreseen on these Contingent Liabilities.   |               |               |
| Other than the above and the matters set out in Note 15(d) there are no other contingent liabilities for the Group at 31 July 2021.   |               |               |

1 During the period to 31 July 2021 the Participants of the Bengalla Joint Venture have assumed responsibility for providing guarantees directly to rail and port suppliers.

### F. LINES OF CREDIT

Unrestricted access was available at 31 July 2021 to the following lines of credit available of \$300,000,000 (2020: \$300,000,000):



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 19. DERIVATIVE FINANCIAL INSTRUMENTS

### ACCOUNTING POLICY

#### Commodity Hedging and Forward Foreign Exchange Contracts

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as a Cash Flow Hedge is recognised in the Hedging Reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts accumulated in Equity are recycled in the Statement of Comprehensive Income in the periods when the hedged item will affect Profit or Loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a Non-Financial Asset (for example, Inventory) or a Non-Financial Liability, the gains and losses previously deferred in Equity are transferred from Equity and included in the measurement of the initial carrying amount of the asset or liability.

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

|                                    | 2021<br>\$000 | 2020<br>\$000 |
|------------------------------------|---------------|---------------|
| <b>Current Assets</b>              |               |               |
| Forward Foreign Exchange Contracts | 9,746         | 45,852        |
| <b>Non-Current Assets</b>          |               |               |
| Forward Foreign Exchange Contracts | –             | 8,912         |
|                                    | 9,746         | 54,764        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

### A. INSTRUMENTS USED BY THE GROUP

New Hope Corporation Limited and certain controlled entities are parties to Derivative Financial Instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates and commodity pricing.

At 31 July 2021, Foreign Exchange Contracts represented assets with a fair value of \$9,746,000 (2020: \$54,764,000) and liabilities of nil (2020: nil). At balance date the details of outstanding contracts are:

#### (i) FOREIGN EXCHANGE CONTRACTS

|                 | SELL US DOLLARS<br>BUY AUSTRALIAN DOLLARS |               | AVERAGE<br>EXCHANGE RATE |               |
|-----------------|---|---------------|--------------------------|---------------|
|                 | 2021<br>\$000                             | 2020<br>\$000 | 2021<br>CENTS            | 2020<br>CENTS |
| MATURITY        |   |               |                          |               |
| 0 to 6 months   | 46,319                                    | 225,630       | 0.5829                   | 0.6648        |
| 6 to 12 months  | –   | 202,736       | –                        | 0.6215        |
| 12 to 18 months | –   | 46,319        | –                        | 0.5829        |
|                 | 46,319                                    | 474,685       |                          |               |

### B. CREDIT RISK EXPOSURES

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange and pricing contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At 31 July 2021 \$46,319,000 (2020: \$474,685,000) was receivable relating to Forward Foreign Exchange Contracts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 20. DIVIDENDS

### ACCOUNTING POLICY

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

### A. ORDINARY DIVIDEND PAID

|   | 2021<br>\$000 | 2020<br>\$000  |
|---|---------------|----------------|
| 2019 Final Dividend at 9.00 cents per share – 100% franked (tax rate – 30%)<br>(paid on 5 Nov 2019)   | –             | 74,854         |
| 2020 Interim Dividend at 6.00 cents per share – 100% franked (tax rate – 30%)<br>(paid on 5 May 2020) | –             | 49,902         |
| 2021 Interim Dividend at 4.00 cents per share – 100% franked (tax rate – 30%)<br>(paid on 5 May 2021) | 33,298        | –              |
| <b>Total Dividends Paid</b>   | <b>33,298</b> | <b>124,756</b> |

### B. PROPOSED DIVIDENDS

In addition to the above Dividends, the Directors have declared a Final Dividend of 7.0 cents (2020: nil). The Dividend is fully franked based on Tax paid at 30 per cent. The proposed Dividend expected to be paid on 9 November 2021. The declared Final Dividend has not been recognised as a liability at 31 July 2021 (2020: nil.)

### C. FRANKED DIVIDENDS

The franked portions of the Final Dividend recommended after 31 July 2021 will be franked out of existing Franking Credits.

|  | 2021<br>\$000 | 2020<br>\$000 |
|--|---------------|---------------|
| Franking Credits available for subsequent financial years based on a tax rate of 30% (2020: 30%) | 490,626       | 508,505       |

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for Franking Credits that will arise from the payment of Income Tax, Franking Debits that will arise from the payment of Dividends recognised as a liability at the reporting date and Franking Credits that will arise from the receipt of Dividends recognised as Receivables at the reporting date. The impact on the franking account of the Dividend recommended by the Directors after the 2021 financial year end, but not recognised as a liability at 31 July 2021, was a reduction in the franking account of \$14,270,000.

### D. DIVIDEND REINVESTMENT PLANS

There were no Dividend Reinvestment Plans in operation at any time during or since the end of the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 21. EQUITY

### ACCOUNTING POLICY

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

### A. ORDINARY SHARES

Ordinary Shares entitle the Shareholder 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. Every Shareholder 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. PERFORMANCE RIGHTS

Information relating to the Performance Rights Plan, including details of rights granted, vested and the amount lapsed during the financial year and Performance Rights outstanding at the end of the financial year, is set out in Note 27.

### C. SHARE CAPITAL

|                            | 2021 NUMBER<br>OF SHARES | 2021<br>\$000 | 2020 NUMBER<br>OF SHARES | 2020<br>\$000 |
|----------------------------|--------------------------|---------------|--------------------------|---------------|
| Issued and Paid-Up Capital | 832,357,082              | 97,536        | 831,708,318              | 96,692        |

### D. MOVEMENTS IN SHARE CAPITAL

| DATE                | DETAILS                          | NUMBER<br>OF SHARES | ISSUE<br>PRICE | \$000         |
|---------------------|----------------------------------|---------------------|----------------|---------------|
| <b>2021</b>         |                                  |                     |                |               |
| 1 August 2020       | Opening Balance                  | 831,708,318         |                | 96,692        |
| 1 August 2020       | Vesting of Performance Rights    | 648,764             | \$0.0000       | –             |
| 31 August 2020      | Share-Based Payment Transactions |                     |                | 844           |
| <b>31 July 2021</b> | <b>Balance</b>                   | <b>832,357,082</b>  |                | <b>97,536</b> |
| <b>2020</b>         |                                  |                     |                |               |
| 1 August 2019       | Opening Balance                  | 831,266,603         |                | 96,315        |
| 1 August 2019       | Vesting of Performance Rights    | 441,715             | \$0.0000       | –             |
| 31 July 2020        | Share-Based Payment Transactions | –                   |                | 377           |
| <b>31 July 2020</b> | <b>Balance</b>                   | <b>831,708,318</b>  |                | <b>96,692</b> |

### E. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to maintain the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 21. EQUITY (CONTINUED)

### F. RESERVES

|  | NOTES | CAPITAL PROFITS \$000 | EQUITY INVESTMENTS \$000 | REVALUATION \$000 | HEDGING \$000 | SHARE-BASED PAYMENTS \$000 | PREMIUM PAID ON NCI <sup>1</sup> \$000 | CONVERTIBLE NOTES \$000 | FOREIGN CURRENCY TRANSLATION \$000 | TOTAL \$000 |
|--|-------|-----------------------|--------------------------|-------------------|---------------|----------------------------|--|-------------------------|------------------------------------|-------------|
| <b>At 1 August 2020</b>                              |       | 1,343                 | (19,854)                 | 27,412            | 38,334        | 1,345                      | (6,029)                                | -                       | 2                                  | 42,553      |
| Transfer to Net profit/(Loss) – Gross                |       | -                     | -                        | -                 | 54,957        | -                          | -                                      | -                       | -                                  | 54,957      |
| Transfer to Net profit/(Loss) – Deferred Tax         |       | -                     | -                        | -                 | (16,487)      | -                          | -                                      | -                       | -                                  | (16,487)    |
| Revaluation – Gross                                  |       | -                     | 37                       | -                 | (99,975)      | -                          | -                                      | -                       | (26)                               | (99,964)    |
| Revaluation – Deferred Tax                           |       | -                     | -                        | -                 | 29,993        | -                          | -                                      | -                       | -                                  | 29,993      |
| Transactions with Owners in their capacity as Owners |       | 1,343                 | (19,817)                 | 27,412            | 6,822         | 1,345                      | (6,029)                                | -                       | (24)                               | 11,052      |
| Recognition of equity component <sup>2</sup>         |       | -                     | -                        | -                 | -             | -                          | -                                      | 6,610                   | -                                  | 6,610       |
| Net Movement in Share-Based Payment Reserve          | 27    | -                     | -                        | -                 | -             | 72                         | -                                      | -                       | -                                  | 72          |
| Transfer to Contributed Equity                       | 21(d) | -                     | -                        | -                 | -             | (844)                      | -                                      | -                       | -                                  | (844)       |
| <b>At 31 July 2021</b>                               |       | 1,343                 | (19,817)                 | 27,412            | 6,822         | 573                        | (6,029)                                | 6,610                   | (24)                               | 16,890      |
| <b>At 1 August 2019</b>                              |       | 1,343                 | (19,327)                 | 27,412            | (7,407)       | 1,031                      | (6,029)                                | -                       | -                                  | (2,977)     |
| Transfer to Net profit/(Loss) – Gross                |       | -                     | -                        | -                 | (31,118)      | -                          | -                                      | -                       | -                                  | (31,118)    |
| Transfer to Net profit/(Loss) – Deferred Tax         |       | -                     | -                        | -                 | 9,335         | -                          | -                                      | -                       | -                                  | 9,335       |
| Revaluation – Gross                                  |       | -                     | (527)                    | -                 | 96,465        | -                          | -                                      | -                       | 2                                  | 95,940      |
| Revaluation – Deferred Tax                           |       | -                     | -                        | -                 | (28,941)      | -                          | -                                      | -                       | -                                  | (28,941)    |
| Transactions with Owners in their capacity as Owners |       | 1,343                 | (19,854)                 | 27,412            | 38,334        | 1,031                      | (6,029)                                | -                       | 2                                  | 42,239      |
| Net Movement in Share-Based Payment Reserve          | 27    | -                     | -                        | -                 | -             | 691                        | -                                      | -                       | -                                  | 691         |
| Transfer to Contributed Equity                       | 21(d) | -                     | -                        | -                 | -             | (377)                      | -                                      | -                       | -                                  | (377)       |
| <b>At 31 July 2020</b>                               |       | 1,343                 | (19,854)                 | 27,412            | 38,334        | 1,345                      | (6,029)                                | -                       | 2                                  | 42,553      |

<sup>1</sup> NCI – Non-Controlling Interest.

<sup>2</sup> Net of transaction costs of \$163,000 (2020: n/a).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 21. EQUITY (CONTINUED)

### F. RESERVES (CONTINUED)

#### Nature and Purpose of Reserves

|   |  |
|---|--|
| <b>Capital Profits</b>                                      | This reserve represents amounts allocated from retained profits that were profits of a capital nature.   |
| <b>Equity Investments</b>                                   | Changes in the fair value of Equity Investments are taken to this Reserve. Amounts are recognised in the Statement of Comprehensive Income or transferred to Retained Earnings when the associated assets are sold or impaired.  |
| <b>Revaluation</b>  | This Reserve represents the revaluation arising on the fair value uplift of Property, Plant and Equipment on the initial holding of QBH further to the acquisition of the remaining 50 per cent of this company.   |
| <b>Hedging</b>  | The Hedging Reserve is used to record the gains and losses on a hedging instrument in a Cash Flow Hedge that are recognised directly in Equity, as described in Note 19. Amounts are recognised in the Statement of Comprehensive Income when the associated hedged transaction affects the Statement of Comprehensive Income.   |
| <b>Share-Based Payments</b>                                 | The Share-Based Payment Reserve is used to recognise the fair value of Performance Rights issued, but not yet exercised. Fair values at grant date are independently determined using the Black-Scholes options pricing model that takes into account the exercise price, the term of the Performance Right, the impact of dilution, the Share Price at grant date and expected volatility of the underlying share, the expected dividend yield and risk-free interest rate for the term of the Performance Right. |
| <b>Premium Paid on Non-Controlling Interest Acquisition</b> | 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.  |
| <b>Convertible Notes</b>                                    | This reserve represents the equity component of convertible notes (see note 18 A (ii)).  |

### G. RETAINED PROFITS

|                                      | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|--------------------------------------|-------|---------------|---------------|
| Carrying Amount at Beginning of Year |       | 1,586,135     | 1,867,674     |
| Net Profit/(Loss) after Income Tax   |       | 79,350        | (156,783)     |
| Dividends Paid                       | 20(a) | (33,298)      | (124,756)     |
| Carrying Amount at End of Year       |       | 1,632,187     | 1,586,135     |

## 22. FINANCIAL RISK MANAGEMENT

### ACCOUNTING POLICY

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

|                                  | NOTES | FAIR VALUE<br>THROUGH OTHER<br>COMPREHENSIVE<br>INCOME<br>\$000 | HEDGING<br>DERIVATIVES<br>\$000 | AMORTISED<br>COST<br>\$000 | FAIR VALUE<br>THROUGH<br>PROFIT & LOSS<br>\$000 | TOTAL<br>\$000 |
|----------------------------------|-------|---|---------------------------------|----------------------------|---|----------------|
| <b>Financial Assets</b>          |       |   |                                 |                            |   |                |
| <b>2021</b>                      |       |   |                                 |                            |   |                |
| Cash and Cash Equivalents        | 16    | –   | –                               | 424,663                    | –   | 424,663        |
| Trade and Other Receivables      | 7     | –   | –                               | 100,359                    | 9,216   | 109,575        |
| Equity Investments               | 17    | 229   | –                               | –                          | –   | 229            |
| Derivative Financial Instruments | 19    | –   | 9,746                           | –                          | –   | 9,746          |
|                                  |       | 229   | 9,746                           | 525,022                    | 9,216   | 544,213        |
| <b>2020</b>                      |       |   |                                 |                            |   |                |
| Cash and Cash Equivalents        | 16    | –   | –                               | 70,377                     | –   | 70,377         |
| Trade and Other Receivables      | 7     | –   | –                               | 48,883                     | –   | 48,883         |
| Equity Investments               | 17    | 193   | –                               | –                          | –   | 193            |
| Derivative Financial Instruments | 19    | –   | 54,764                          | –                          | –   | 54,764         |
|                                  |       | 193   | 54,764                          | 119,260                    | –   | 174,217        |
| <b>Financial Liabilities</b>     |       |   |                                 |                            |   |                |
| <b>2021</b>                      |       |   |                                 |                            |   |                |
| Lease Liabilities                | 18    | –   | –                               | 100,651                    | –   | 100,651        |
| Trade and Other Payables         | 8     | –   | –                               | 78,786                     | –   | 78,786         |
| Secured Loans                    | 18    | –   | –                               | 308,054                    | –   | 308,054        |
| Unsecured Loans                  | 18    | –   | –                               | 189,193                    | –   | 189,193        |
|                                  |       | –   | –                               | 676,684                    | –   | 676,684        |
| <b>2020</b>                      |       |   |                                 |                            |   |                |
| Lease Liabilities                | 18    | –   | –                               | 83,145                     | –   | 83,145         |
| Trade and Other Payables         | 8     | –   | –                               | 81,999                     | –   | 81,999         |
| Secured Loans                    | 18    | –   | –                               | 355,952                    | –   | 355,952        |
| Unsecured Loans                  | 18    | –   | –                               | –                          | –   | –              |
|                                  |       | –   | –                               | 521,096                    | –   | 521,096        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### A. MARKET RISK

#### (i) FOREIGN EXCHANGE RISK

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

Forward contracts are used to manage foreign exchange risk. Senior management is responsible for managing exposures in each foreign currency by using forward currency contracts. Contracts are designated as Cash Flow Hedges. Foreign Exchange Contracts are designated at Group level as hedges of foreign exchange risk on specific future transactions.

The Group's risk management framework is to hedge anticipated transactions (export coal sales) in US dollars for the subsequent year as deemed necessary. 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:

|  | 2021<br>US<br>\$000 | 2020<br>US<br>\$000 |
|--|---------------------|---------------------|
| Cash and Cash Equivalents  | 50,768              | 17,647              |
| Trade Receivables  | 47,344              | 12,107              |
| Forward Exchange Contracts – sell foreign currency (Cash Flow Hedges) <sup>1</sup> | 27,000              | 303,000             |
| Trade Payables   | 5,020               | 453                 |

1 Notional amounts.

#### (ii) COMMODITY HEDGE RISK

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

#### Group sensitivity

Based on the Trade Receivables, Cash and Trade Payables held at 31 July 2021, had the Australian dollar weakened/strengthened by 10 per cent against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by \$8,026,000/(\$9,809,000) (2020: \$2,566,000/(\$3,136,000)), mainly as a result of foreign exchange gains/losses on translation of US dollar receivables and Cash and Cash Equivalents balance 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 2021, had the Australian dollar weakened/strengthened by 10 per cent against the US dollar with all other variables held constant, the Group's equity would have increased/(decreased) by \$3,324,000/(\$4,062,000) (2020: \$38,137,000/(\$46,608,000)). There is no effect on post-tax profits.

#### (iii) PRICE RISK

The Group is exposed to equity securities price risk arising from certain investments held by the Group and classified on the Statement of Financial Position as equity instruments.

The Group's equity investment is publicly traded. The impact of increases/decreases in the financial instrument on the Group's equity as at balance date is \$31,000/(\$31,000) (2020: \$26,000/(\$26,000)). The analysis is based on the assumption that the equity instrument had increased/decreased by 10 per cent with all other variables held constant.

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

#### (iv) FAIR VALUE INTEREST RATE RISK

Refer to Note 22 (e).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 22. 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 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 24). Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval.

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

|                                  | NOTES | 2021<br>\$000 | 2020<br>\$000 |
|----------------------------------|-------|---------------|---------------|
| Trade and Other Receivables      |       | 109,575       | 48,883        |
| Cash at Bank                     | 16    | 424,663       | 70,377        |
| Derivative Financial Instruments | 19    | 9,746         | 54,764        |

### C. LIQUIDITY RISK

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

#### FINANCING ARRANGEMENTS

The Group's only significant external borrowings relate to secured and unsecured loan facilities and leases detailed in Note 18. The maturity of these arrangements are shown on the next page.

### D. MATURITY OF FINANCIAL LIABILITIES

The maturity groupings of Derivative Financial Instruments are detailed in Note 19.

Trade Payables and Accruals (Note 8) are normally settled within 45 days of recognition. The Group's Borrowings (Note 18) comprise Lease Liabilities and Secured and Unsecured Loans.

The Group's Secured Loan as outlined in Note 18 is an amortising facility, with a variable interest rate, reducing by a minimum of \$30,000,000 six monthly with any final balance up to \$330,000,000 at the end of the facility term being repayable in the two to five year period.

Lease liabilities are fixed rate leases with a weighted average interest rate of 4.45 per cent and are payable over a period of one to 21 years.

Unsecured convertible notes represents the liability component of Convertible Notes (net of transaction costs) with a coupon rate of 2.75 per cent and option premium of 3.5 per cent. Interest is payable semi-annually over a five year period.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### D. MATURITY OF FINANCIAL LIABILITIES (CONTINUED)

The table below details the contractual cash flows of Lease Liabilities and Unsecured Convertible Notes.

|                             | 0 TO 6<br>MONTHS<br>\$000 | 6 TO 12<br>MONTHS<br>\$000 | 1 TO 2<br>YEARS<br>\$000 | 2 TO 5<br>YEARS<br>\$000 | AFTER 5<br>YEARS<br>\$000 | TOTAL<br>\$000 | CARRYING<br>AMOUNT<br>\$000 |
|-----------------------------|---------------------------|----------------------------|--------------------------|--------------------------|---------------------------|----------------|-----------------------------|
| <b>2021</b>                 |                           |                            |                          |                          |                           |                |                             |
| Lease Liabilities           | 7,060                     | 7,338                      | 14,726                   | 37,469                   | 73,072                    | 139,665        | 100,651                     |
| Unsecured Convertible Notes | 2,750                     | 2,750                      | 5,500                    | 216,500                  | –                         | 227,500        | 189,193                     |
| <b>2020</b>                 |                           |                            |                          |                          |                           |                |                             |
| Lease Liabilities           | 5,720                     | 7,236                      | 7,375                    | 13,487                   | 96,545                    | 130,363        | 83,145                      |
| Unsecured Convertible Notes | –                         | –                          | –                        | –                        | –                         | –              | –                           |

### E. CASH FLOW AND FAIR VALUE INTEREST RATE RISK

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

#### GROUP SENSITIVITY

If interest rates had been 2 per cent higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 July 2021 would increase/(decrease) by \$4,340,000/(\$4,340,000) (2020: \$5,040,000/(\$5,040,000)).

### F. FAIR VALUE MEASUREMENTS

#### ACCOUNTING POLICY

The fair value of Financial Assets and Financial Liabilities must be estimated for recognition and measurement for disclosure purposes.

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

The carrying value less the estimated credit adjustments of Trade Receivables and Payables is assumed to approximate their fair values due to their short-term nature.

The fair value of Financial Assets and Financial Liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 Fair Value Measurement 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### F. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 July 2021 and 31 July 2020.

|  | LEVEL 1<br>\$000 | LEVEL 2<br>\$000 | TOTAL<br>\$000 |
|--|------------------|------------------|----------------|
| <b>2021</b>                              |                  |                  |                |
| <b>Assets</b>                            |                  |                  |                |
| Derivatives Used for Hedging             | –                | 9,746            | 9,746          |
| Trade Receivables – provisionally priced | –                | 9,216            | 9,216          |
| Equity Investments                       | 229              | –                | 229            |
| <b>Total assets</b>                      | <b>229</b>       | <b>18,962</b>    | <b>19,191</b>  |
| <b>2020</b>                              |                  |                  |                |
| <b>Assets</b>                            |                  |                  |                |
| Derivatives Used for Hedging             | –                | 54,764           | 54,764         |
| Equity Securities                        | 193              | –                | 193            |
| <b>Total assets</b>                      | <b>193</b>       | <b>54,764</b>    | <b>54,957</b>  |

The fair value of Financial Instruments traded in active markets (such as Equity Investments) is based on quoted market prices at the reporting date. The quoted market price used for Financial Assets held by New Hope Corporation Limited is the last sale price.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 23. INTERESTS IN OTHER ENTITIES

### A. SUBSIDIARIES

Significant subsidiaries include New Hope Bengalla Pty Ltd and Bridgeport Energy Limited as well as companies identified in the Deed of Cross Guarantee in Note 29.

### B. JOINT ARRANGEMENTS

#### Accounting Policy

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

#### Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the Consolidated Financial Statements under the appropriate headings.

#### Lenton Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a Joint Operation to develop the Burton Mine and Lenton Project area. The subsidiary has a 90 per cent participating interest in this Joint Operation and is entitled to 90 per cent of the output of the project. The Group's interests employed in the Joint Operations are included in the Statement of Financial Position, in accordance with the accounting policy described above.

#### Joint Ventures

Interests in Joint Ventures are accounted for using the equity method, after initially being recognised at cost in the Statement of Financial Position.

#### Other Unincorporated Arrangements

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

#### Bengalla Joint Venture

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 24. COMMITMENTS

### A. CAPITAL COMMITMENTS

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

|                              | 2021<br>\$000 | 2020<br>\$000 |
|------------------------------|---------------|---------------|
| Property Plant and Equipment |               |               |
| Within One Year              | 11,350        | 19,091        |

### B. LEASE COMMITMENTS

#### (i) NON-CANCELLABLE LEASES AS LESSOR

On 30 May 2021 the Group entered a sub-lease arrangement for its head office building for a period of five years, with an option to extend for a further four years or alternatively with an option to extend until one day prior to the expiry of the head lease on 31 March 2030. This sublease lease arrangement commences on 18 October 2021, with lease payments receivable monthly and annual rent review escalation clauses included in the lease terms.

### C. TAKE OR PAY COMMITMENTS

The Group has purchase obligations in relation to take or pay agreements which are legally binding and enforceable with rail, water and port service providers in respect of operating sites. Refer to Note 15(c).

## 25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

### A. ASSETS CLASSIFIED AS HELD FOR SALE

The Group reclassified land with a net book value of \$7,115,000 from Property, Plant and Equipment to Assets Classified as Held for Sale during the 2021 financial year. The sale completed on 9 August 2021. A gain of \$5,254,000 was recorded on sale of this land and will be recognised in the Statement of Comprehensive Income in the 2022 financial year.

### B. LENTON/BURTON

On 2 August 2021 the Group entered into a Binding Term Sheet to divest 100 per cent of the shares in New Lenton Coal Pty Ltd (which currently holds a 90 per cent interest in the Lenton Joint Venture) to Bowen Coking Coal Limited (ASX: BCB) for an upfront payment of \$20,000,000 plus potential milestone and royalty payments, up to a value of \$77,500,000. The transaction is subject to parties agreeing and entering into formal transaction documents and certain other conditions being satisfied, and as such was not classified as held for sale at 31 July 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 26. RELATED PARTY TRANSACTIONS

### A. PARENT ENTITIES

The parent company 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 2021 owned 36.95 per cent (2020: 49.98 per cent) of the issued ordinary shares of New Hope Corporation Limited.

### B. KEY MANAGEMENT PERSONNEL

#### (i) DIRECTORS

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

##### Chairman – Non-Executive

Mr R.D. Millner

##### Non-Executive Directors

Mr T.J. Barlow

Ms J.E. McGill AO

Mr T.C. Millner

Mr I.M. Williams

Mr W.H. Grant OAM<sup>1</sup>

##### Executive Directors

Mr S.O. Stephan<sup>2</sup>

1 Mr W.H. Grant's resignation from the Board was effective 17 November 2020.

2 Mr S.O. Stephan's resignation from the Board was effective 31 August 2020.

#### (ii) OTHER KEY MANAGEMENT PERSONNEL

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

| NAME                          | POSITION                                      | EMPLOYER                     |
|-------------------------------|---|------------------------------|
| Mr R.H. Schmidt <sup>1</sup>  | Chief Executive Officer                       | New Hope Corporation Limited |
| Mr R.J. Bishop <sup>2</sup>   | Chief Financial Officer                       | New Hope Corporation Limited |
| Mr S.O. Stephan               | Managing Director and Chief Executive Officer | New Hope Corporation Limited |
| Mr A.L. Boyd <sup>3</sup>     | Chief Operating Officer                       | New Hope Corporation Limited |
| Mr B.C. Armitage <sup>4</sup> | Chief Development Officer                     | New Hope Corporation Limited |

1 Mr R.H. Schmidt was appointed CEO on September 2021 and considered KMP from this date.

2 Mr R.J. Bishop was appointed as Acting CFO for an interim period from 20 July 2020 to 22 October 2020, on which date he was appointed CFO. He is considered KMP from 1 August 2020.

3 Mr A.L. Boyd ceased as KMP on 31 December 2021.

4 Mr B.C. Armitage ceased as KMP on 27 November 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### B. KEY MANAGEMENT PERSONNEL (CONTINUED)

#### (iii) KEY MANAGEMENT PERSONNEL COMPENSATION<sup>1</sup>

|                              | 2021<br>\$ | 2020<br>\$ |
|------------------------------|------------|------------|
| Short-Term Employee Benefits | 4,497,536  | 5,473,694  |
| Long-Term Employee Benefits  | 3,313      | 15,851     |
| Post Employment Benefits     | 154,381    | 186,040    |
| Termination Payment          | 919,357    | –          |
| Share-Based Payment          | (184,202)  | 176,093    |
|                              | 5,390,385  | 5,851,678  |

1 Compensation for the 2020 financial year includes compensation paid to Ms S.J. Palmer and Mr M.J. Busch who were considered KMP in the 2020 financial year. Ms S.J. Palmer ceased as KMP on 25 November 2019 and Mr M.J. Busch ceased as KMP on 31 July 2020.

### C. TRANSACTIONS WITH RELATED PARTIES

|  | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| Reimbursement of expenses paid to Australian controlling entity (WHSP)     | –          | 92,400     |
| Payment for legal services rendered (Herbert Smith Freehills) <sup>1</sup> | –          | 20,765     |
| Dividends paid to ultimate Australian controlling entity (WHSP)            | 13,883,857 | 62,354,463 |
| Payment for consulting services rendered (Pitt Capital Partners Ltd)       | 238        | 293,996    |

1 Mr I.M. Williams was a partner in the firm Herbert Smith Freehills which provided legal services to the Group during the year. He resigned from Herbert Smith Freehills effective 31 December 2019 and as such transactions from this date have not been disclosed as related party transactions. All transactions were on normal commercial terms. Detailed remuneration disclosures can be found in the Remuneration Report on pages 28 to 38.

### D. OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

There are no outstanding balances arising from sales/purchases of goods and services from related parties at 31 July 2021 (2020: nil).

### E. TERMS AND CONDITIONS

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

### F. OTHER TRANSACTIONS OF KEY MANAGEMENT PERSONNEL

Mr R.D. Millner, Mr T.C. Millner and T.J. Barlow are Directors of WHSP, the ultimate parent company 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 2021 and 2020 financial years. All transactions were on normal commercial terms.

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

### G. LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been made available to the Key Management Personnel of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 27. SHARE-BASED PAYMENTS

### ACCOUNTING POLICY

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

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

The fair value of Performance Rights is determined based on the market price of shares at the grant date, with an adjustment made to take into account the vesting period, expected dividends during that period that will not be received by the participants and the probability that the performance conditions will be met. The fair value of Performance Rights at grant date is independently determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the Performance Right, the vesting criteria, the impact of dilution, the non-tradeable nature of the Performance Right, 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 Performance Right.

The fair value of the Performance Rights 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 Performance Rights that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of Performance Rights 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.

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

Performance Rights are granted for no consideration. Performance Rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the relevant service and performance conditions. Service and performance conditions applicable to each issue of Performance Rights are determined by the Directors at the time of grant. Total expense arising from rights issued under the Rights Plan during the financial year was \$72,000 (2020: (\$691,000)).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 27. SHARE-BASED PAYMENTS (CONTINUED)

### Performance Rights

Set out below is a summary of Performance Rights granted under the plan:

|                                      | 2021                    |                              | 2020                    |                              |
|--------------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
|                                      | AVERAGE PRICE PER SHARE | NUMBER OF PERFORMANCE RIGHTS | AVERAGE PRICE PER SHARE | NUMBER OF PERFORMANCE RIGHTS |
| As at 1 August                       | \$2.279                 | 1,508,091                    | \$2.281                 | 1,585,023                    |
| Granted during the year              | \$1.400                 | 547,225                      | \$2.150                 | 1,195,431                    |
| Lapsed during the year               | \$1.290                 | (35,865)                     | \$2.160                 | (26,532)                     |
| Forfeited during the year            | \$1.159                 | (823,462)                    | \$2.160                 | (804,116)                    |
| Vested and Exercised during the year | \$1.290                 | (648,764)                    | \$2.160                 | (441,715)                    |
| As at 31 July                        | \$1.995                 | 547,225                      | \$2.279                 | 1,508,091                    |

The weighted average share price at the date of vesting of Performance Rights during the 2021 year was \$1.34 (2020: \$2.54).

Performance Rights outstanding at the end of the year have the following vesting date and fair value at grant date:

| GRANT DATE   | VESTING DATE | VALUE OF PERFORMANCE RIGHT AT GRANT DATE | PERFORMANCE RIGHTS |                  |
|--|--------------|--|--------------------|------------------|
|  |              |  | 2021               | 2020             |
| 26 Mar 2018  | 1 Aug 2020   | \$1.232                                  | –                  | 684,628          |
| 29 Mar 2019  | 1 Aug 2021   | \$1.472                                  | –                  | 215,414          |
| 29 Nov 2019  | 1 Aug 2022   | \$0.873                                  | –                  | 300,611          |
| 29 Nov 2019  | 1 Aug 2023   | \$0.994                                  | –                  | 307,438          |
| 29 Nov 2020  | 1 Aug 2024   | \$0.760                                  | 547,225            | –                |
| <b>Total</b>   |              |  | <b>547,225</b>     | <b>1,508,091</b> |
| Weighted average remaining contractual life of Performance Rights outstanding at end of period |              |  | 3.0 years          | 1.2 years        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 28. PARENT ENTITY DISCLOSURES

### ACCOUNTING POLICY

The financial information for the Parent entity, New Hope Corporation Limited, has been prepared on the same basis as the Consolidated Financial Statements, except as set out below.

### Investments in Subsidiaries, Associates and Joint Ventures

Investments in Subsidiaries, Associates and Joint Ventures are accounted for at cost in the Financial Report of New Hope Corporation Limited. Dividends received from Subsidiaries are recognised in the Parent entity's Income Statement rather than being deducted from the carrying amount of these investments.

### A. SUMMARY FINANCIAL INFORMATION

The individual Financial Statements for the Parent entity show the following aggregate amounts:

|  | 2021<br>\$000    | 2020<br>\$000    |
|--|------------------|------------------|
| <b>Statement of Financial Position</b> |                  |                  |
| Current Assets                         | 759,271          | 312,067          |
| Non-Current Assets                     | 799,281          | 1,179,649        |
| <b>Total Assets</b>                    | <b>1,558,552</b> | <b>1,491,716</b> |
| Current Liabilities                    | 483,088          | 489,855          |
| Non-Current Liabilities                | 507,393          | 376,133          |
| <b>Total Liabilities</b>               | <b>990,481</b>   | <b>865,988</b>   |
| Shareholders' Equity                   |                  |                  |
| Contributed Equity                     | 97,536           | 96,692           |
| Reserves                               |                  |                  |
| Share-Based Payment                    | 573              | 1,345            |
| Other Reserves                         | 6,610            | –                |
| Retained Earnings                      | 463,352          | 527,691          |
|  | 568,071          | 625,728          |
| <b>Loss for the year</b>               | <b>(31,041)</b>  | <b>(48,412)</b>  |
| <b>Total Comprehensive Loss</b>        | <b>(31,041)</b>  | <b>(48,412)</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 28. PARENT ENTITY DISCLOSURES (CONTINUED)

### B. GUARANTEES ENTERED INTO BY PARENT ENTITY

|  | 2021<br>\$000 | 2020<br>\$000 |
|--|---------------|---------------|
| Bank Guarantees issued in relation to rehabilitation, statutory body suppliers and various other entities. | 116,223       | 247,414       |

The Parent entity has given secured guarantees in respect of mining restoration and rehabilitation. The liability has been recognised in the consolidated accounts of the Parent entity in relation to its rehabilitation obligations however are not recognised in the parent entity Statement of Financial Position. See Note 18(e).

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

### C. CONTINGENT LIABILITIES OF THE PARENT ENTITY

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

| CONTROLLED ENTITIES  | 2021<br>\$000 | 2020<br>\$000 |
|--|---------------|---------------|
| The Bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities. | 116,223       | 247,414       |
| The Company's share of security provided by the Bankers of the Bengalla Joint Venture in respect of Bank Guarantees provided to rail and port suppliers.                                 | –             | 13,669        |

No losses are anticipated in respect of any of the above Contingent Liabilities.

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

As at 31 July 2021, the Parent entity had contractual commitments for the acquisition of Property, Plant or Equipment totalling nil (2020: nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 29. DEED OF CROSS GUARANTEE

A number of entities within the Group have entered into a Deed of Cross Guarantee. New Hope Corporation Limited, Jeebropilly Collieries Pty Ltd, Acland Pastoral 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 ASIC.

### A. STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by New Hope Corporation Limited, they also represent the 'Extended Closed Group'.

Set out below is the Statement of Consolidated Comprehensive Income for the year ended 31 July 2021 for the Closed Group:

|   | 2021<br>\$000    | 2020<br>\$000    |
|---|------------------|------------------|
| Revenue from Operations                                     | 185,907          | 594,611          |
| Other Income  | 17               | 50               |
|   | 185,924          | 594,661          |
| <b>Expenses</b>   |                  |                  |
| Cost of Sales   | (122,665)        | (307,426)        |
| Marketing and Transportation                                | (107,829)        | (78,607)         |
| Administration  | (11,429)         | (10,310)         |
| Financing Costs   | (20,382)         | (26,354)         |
| Other Expenses  | (2,620)          | 15,946           |
| Impairment of Assets  | (43,030)         | (347,116)        |
| <b>Loss before Income Tax</b>                               | <b>(122,031)</b> | <b>(159,206)</b> |
| Income Tax Benefit  | 36,584           | 48,242           |
| <b>Loss after Income Tax for the year</b>                   | <b>(85,447)</b>  | <b>(110,964)</b> |
| <b>Other Comprehensive Income/(Loss)</b>                    |                  |                  |
| <b>Items to be reclassified to Profit and Loss</b>          |                  |                  |
| Changes in the fair value of Cash Flow Hedges, net of Tax   | 18               | 15,320           |
| Transfer to Profit or Loss for Cash Flow Hedges, net of Tax | 8,521            | (6,782)          |
| Other Comprehensive Income/(Loss) for the year, net of Tax  | 8,539            | 8,538            |
| <b>Total Comprehensive Income/(Loss) for the year</b>       | <b>(76,908)</b>  | <b>(102,426)</b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 29. DEED OF CROSS GUARANTEE (CONTINUED)

### B. STATEMENT OF FINANCIAL POSITION

Set out below is a Statement of Financial Position as at 31 July 2021 of the Closed Group:

|                                      | 2021<br>\$000    | 2020<br>\$000    |
|--------------------------------------|------------------|------------------|
| <b>Current Assets</b>                |                  |                  |
| Cash and Cash Equivalents            | 395,532          | 47,916           |
| Receivables                          | 396,394          | 269,443          |
| Derivative Financial Instruments     | 404              | 8,431            |
| Inventories                          | 32,853           | 22,501           |
| Assets Classified as Held for Sale   | 3,000            | –                |
| Current Tax Assets                   | –                | 15,841           |
| <b>Total Current Assets</b>          | <b>828,183</b>   | <b>364,132</b>   |
| <b>Non-Current Assets</b>            |                  |                  |
| Receivables                          | 523,006          | 964,195          |
| Other Financial Assets               | 52,620           | 48,837           |
| Property, Plant and Equipment        | 352,609          | 418,867          |
| Intangible Assets                    | 6,932            | 7,341            |
| Exploration and Evaluation Assets    | 43,897           | 40,724           |
| Deferred Tax Assets                  | 54,611           | 59,512           |
| <b>Total Non-Current Assets</b>      | <b>1,033,675</b> | <b>1,539,476</b> |
| <b>Total Assets</b>                  | <b>1,861,858</b> | <b>1,903,608</b> |
| <b>Current Liabilities</b>           |                  |                  |
| Trade and Other Payables             | 25,503           | 27,922           |
| Borrowings                           | 4,276            | 8,769            |
| Current Tax Liabilities              | 24,528           | –                |
| Provisions                           | 36,900           | 33,936           |
| <b>Total Current Liabilities</b>     | <b>91,207</b>    | <b>70,627</b>    |
| <b>Non-Current Liabilities</b>       |                  |                  |
| Borrowings                           | 560,865          | 427,161          |
| Provisions                           | 130,824          | 128,175          |
| <b>Total Non-Current Liabilities</b> | <b>691,689</b>   | <b>555,336</b>   |
| <b>Total Liabilities</b>             | <b>782,896</b>   | <b>625,963</b>   |
| <b>Net Assets</b>                    | <b>1,078,962</b> | <b>1,277,645</b> |
| <b>Equity</b>                        |                  |                  |
| Contributed Equity                   | 97,536           | 96,692           |
| Reserves                             | 35,701           | 35,700           |
| Retained Earnings                    | 945,725          | 1,145,253        |
| <b>Total Equity</b>                  | <b>1,078,962</b> | <b>1,277,645</b> |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 30. REMUNERATION OF AUDITORS

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

### A. DELOITTE AND RELATED NETWORK FIRMS

|  | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| Audit or Review of Financial Reports:  |            |            |
| Group  | 538,669    | 529,420    |
| Subsidiaries and Joint Operations  | 127,667    | 121,067    |
|  | 666,336    | 650,487    |
| Other assurance and agreed upon procedures under other legislation or contractual arrangements |            |            |
| Group  | 105,000    | –          |
|  | 105,000    | –          |
| Other Services   |            |            |
| Sustainability and Other Advisory Services   | 51,500     | 113,416    |
|  | 51,500     | 113,416    |
|  | 822,836    | 763,903    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 31. OTHER ACCOUNTING POLICIES

### A. 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 Group 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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Profit or Loss. They are deferred in Equity if they relate to qualifying Cash Flow Hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary items, such as Equity Instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss on the instrument. Translation differences on non-monetary items are included in the fair value reserve in Equity.

#### (iii) GROUP COMPANIES

The results and financial position of all foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of Borrowings and other Financial Instruments designated as hedges of such Investments, are recognised in Other Comprehensive Income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the Statement of Comprehensive Income, as part of the gain or loss on sale.

### B. GOODS AND SERVICES TAX (GST)

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

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

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.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

## 31. OTHER ACCOUNTING POLICIES (CONTINUED)

### C. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application, are effective for annual periods beginning after 1 August 2021:

#### (i) AMENDMENTS TO IAS 1 – CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The potential effects on adoption of the amendment are yet to be determined.

#### (ii) ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018–2020

##### **IFRS 9 Financial Instruments**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Group has commenced its consideration of the potential effects on adoption of the Annual Improvement. The potential effects on adoption of the annual improvement are yet to be determined.

# DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 43 to 112 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2021 and of their performance, for the financial year ended on that date
- b) there are reasonable grounds to believe that the Company will be able to pay its debts, as and when they become due and payable.

The Basis of Preparation on page 47 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 29 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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



**R.D. Millner**  
Director

Sydney, 20 September 2021

# INDEPENDENT AUDITOR'S REPORT

to the Members of New Hope Corporation Limited



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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of New Hope Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 July 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 July 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# INDEPENDENT AUDITOR'S REPORT

to the Members of New Hope Corporation Limited

| Key Audit Matter   | How the scope of our audit responded to the Key Audit Matter   |
|--|--|
| <p><b><i>Carrying value of non-current assets</i></b></p> <p><i>Refer to notes 11, 12, 13 and 14 of the financial statements.</i></p> <p>As at 31 July 2021 the Group has property, plant and equipment (PPE) of \$1,952 million, exploration and evaluation (E&amp;E) assets of \$106 million, and intangible assets of \$77 million, which have been allocated across the Group's cash generating units ("CGUs") and areas of interest.</p> <p>The Group performed an assessment for indicators of impairment for all CGUs, and where required, detailed impairment assessments for three. As disclosed in notes 3 and 14, the Group has consequently recorded an impairment charge of \$45 million made up of \$43 million on PPE and \$2 million on E&amp;E assets.</p> <p>Recoverable amounts of the CGUs have been calculated using fair value less costs of disposal (including commodity resource multiples) or value in use valuation techniques. These assessments are dependent upon management's view of key variables and market conditions including future commodity prices, the timing and approval of mining leases, future capital and operating expenditure, appropriate discount rates and comparable observable market transactions.</p> <p>As disclosed in note 14, a specific area of judgement during the year has been the Group's assessment of the impact of the legal environment and continued delays in approval timelines relating to the New Acland Stage 3 mine lease application on the recoverability of the assets of the Queensland Coal Mining Operations CGU.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Evaluating management's assessment of impairment indicators including the conclusions reached;</li> <li>• Testing the design and implementation of key controls management have in place for identifying indicators of and assessing impairment;</li> <li>• Evaluating management's process for determining the recoverable amount of each of the three CGUs assessed for impairment;</li> <li>• Engaging our valuation specialists to assess the reasonableness of management's key market related assumptions including future commodity prices, foreign exchange rate forecasts, discount rates, comparable transaction multiples, and commodity resource multiples. This included benchmarking against external data;</li> <li>• Assessing and challenging the key assumptions within management's impairment modelling, which included performing sensitivity analysis and comparing key assumptions to historical actual performance and market benchmarks;</li> <li>• Assessing management's ability to forecast accurately based on historical actual performance to board approved budget;</li> <li>• In relation to the Queensland Coal Mining Operations CGU:             <ul style="list-style-type: none"> <li>○ Evaluating management's assessment of the impact of the changes to the project's legal and regulatory environment and timelines;</li> <li>○ Enquiring of management as to the status of the overall mine lease application and land court processes; and</li> <li>○ Assessing and challenging the Group's scenario and probability analyses against the status of the overall mine lease application process and the Group's legal advice;</li> </ul> </li> <li>• Verifying the mathematical accuracy of management's modelling;</li> <li>• Comparing the relevant CGU's recoverable amount against carrying values and recalculating the impairment charge where relevant; and</li> <li>• Assessing the appropriateness of the disclosures in notes 11, 12, 13 and 14 to the financial statements.</li> </ul> |



# INDEPENDENT AUDITOR'S REPORT

to the Members of New Hope Corporation Limited

|  |  |
|--|--|
| <p><b>Rehabilitation provision</b></p> <p><i>Refer to note 15 of the financial statements.</i></p> <p>As at 31 July 2021 the Group has provisions for mining restoration and rehabilitation of \$268 million.</p> <p>The rehabilitation calculation requires management judgement in estimating the quantum and timing of future costs, particularly given the unique nature of each site, the timescales involved and the potential associated obligations. These calculations also require management to determine an appropriate rate to discount these future costs back to their net present value.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>• Evaluating management's process and assessing the design and implementation of key controls management have in place for estimating the rehabilitation provisions;</li><li>• Evaluating the independence, competence and objectivity of management's expert and challenging the reasonableness of the assumptions used to calculate the cost estimates prepared;</li><li>• Validating the assumptions used to calculate the discount rates and recalculating these rates;</li><li>• Confirming the existence of legal and/or constructive obligations and obtaining an understanding of the relevant legislative requirements in relation to the restoration and rehabilitation for each site;</li><li>• Assessing the appropriateness of the cost estimate associated with the restoration and rehabilitation of each site; and</li><li>• Assessing the appropriateness of the disclosures in note 15 to the financial statements.</li></ul> |
|--|--|

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Shareholder Information and 2021 Coal Resources and Reserves, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Review, Chief Executive Officer's Review and Tax Contribution Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Chairman's Review, Chief Executive Officer's Review and Tax Contribution Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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# INDEPENDENT AUDITOR'S REPORT

to the Members of New Hope Corporation Limited

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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# INDEPENDENT AUDITOR'S REPORT

to the Members of New Hope Corporation Limited

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 28 to 38 of the Directors' Report for the year ended 31 July 2021.

In our opinion, the Remuneration Report of New Hope Corporation Limited, for the year ended 31 July 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



**Stephen Tarling**

Partner

Chartered Accountants

Brisbane, 20 September 2021

# SHAREHOLDER INFORMATION

## ORDINARY SHAREHOLDINGS

As at 14 September 2021 there were 12,850 holders of ordinary shares in the Company.

Voting entitlement is one vote per fully paid ordinary share.

| RANGE OF UNITS – ORDINARY SHARES <sup>1</sup>      | NUMBER OF SHAREHOLDERS | FULLY PAID ORDINARY SHARES | NUMBER OF PERFORMANCE RIGHTS HOLDERS | PERFORMANCE RIGHTS |
|--|------------------------|----------------------------|--------------------------------------|--------------------|
| 1 – 1,000  | 3,190                  | 1,707,067                  | –                                    | –                  |
| 1,001 – 5,000                                      | 4,513                  | 13,223,047                 | –                                    | –                  |
| 5,001 – 10,000                                     | 2,363                  | 17,903,174                 | –                                    | –                  |
| 10,001 – 100,000                                   | 2,687                  | 75,188,493                 | –                                    | –                  |
| 100,001 and over                                   | 203                    | 724,335,301                | 2                                    | 547,225            |
|  | 12,956                 | 832,357,082                | 2                                    | 547,225            |
| Holding less than a marketable parcel <sup>1</sup> | 599                    | 53,322                     |                                      |                    |

1 Information as at 31st August 2021.

# SHAREHOLDER INFORMATION

## ORDINARY SHAREHOLDINGS (CONTINUED)

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 | 331,696,418      | 39.85% |

### 20 largest shareholders as disclosed on the share register as at 14 September 2021

|  |             |        |
|--|-------------|--------|
| Washington H Soul Pattinson and Company Limited              | 313,096,418 | 37.62% |
| J P Morgan Nominees Australia Pty Limited                    | 57,469,506  | 6.90%  |
| Citicorp Nominees Pty Limited                                | 55,797,330  | 6.70%  |
| HSBC Custody Nominees (Australia) Limited                    | 50,802,834  | 6.10%  |
| National Nominees Limited                                    | 35,493,735  | 4.26%  |
| HSBC Custody Nominees (Australia) Limited – A/C 2            | 24,426,795  | 2.93%  |
| CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>  | 24,278,922  | 2.92%  |
| National Nominees Limited <N A/C>                            | 18,600,000  | 2.23%  |
| Farjoy Pty Ltd   | 15,500,000  | 1.86%  |
| BKI Investment Company Limited                               | 12,950,952  | 1.56%  |
| National Nominees Limited <DB A/C>                           | 9,367,202   | 1.13%  |
| Bond Street Custodians Limited <P03V7 – D78629 A/C>          | 9,033,450   | 1.09%  |
| Buttonwood Nominees Pty Ltd                                  | 8,567,158   | 1.03%  |
| BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>        | 4,737,914   | 0.57%  |
| BNP Paribas Nominees Pty Ltd <IB Au Noms Retail Client DRP>  | 4,674,622   | 0.56%  |
| BNP Paribas Noms Pty Ltd <DRP>                               | 4,170,686   | 0.50%  |
| UBS Nominees Pty Ltd   | 3,755,501   | 0.45%  |
| Woodross Nominees Pty Ltd                                    | 3,600,000   | 0.43%  |
| Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>               | 3,480,647   | 0.42%  |
| CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C> | 2,560,961   | 0.31%  |
|  | 662,364,633 | 79.57% |

| UNQUOTED EQUITY SECURITIES   | NUMBER ON ISSUE | NUMBER OF HOLDERS |
|--|-----------------|-------------------|
| Rights issued under the New Hope Corporation Limited Employee Performance Rights Share Plan to take up ordinary shares | 547,225         | 2                 |
| Convertible Notes <sup>1</sup>   | –               | –                 |

1 No Convertible Notes were converted to Ordinary Shares during the 2021 financial year. Convertible Notes do not carry a right to vote.

# TAX CONTRIBUTION REPORT

The Company is pleased to present its Tax Contribution Report for the financial year ended 31 July 2021. The Company considers that this disclosure as a 'large' business under the Voluntary Tax Transparency Code assists stakeholders in understanding its position as a responsible corporate taxpayer and is a key part of its social and economic responsibility.

## 28.3%

**EFFECTIVE  
TAX RATE**

## \$24.6M

**CORPORATE TAX  
PAYABLE**

## \$138.1M

**TAX AND  
GOVERNMENT  
CONTRIBUTIONS**

## TAX POLICY, TAX STRATEGY AND TAX GOVERNANCE

New Hope Limited, together with its 100% controlled Australian subsidiaries has formed a tax consolidated group for Australian income tax purposes.

Our approach to tax is aligned with our Code of Conduct and our long-term business strategy with the Company's tax affairs overseen by the Board of Directors. The Company:

- Recognises its responsibility to pay tax to all revenue authorities in line with our legal obligations within each jurisdiction we operate;
- Manage tax risk in the same manner as other operational risks within the Company and take a conservative approach to risk and tax planning;
- Engage with revenue authorities in a transparent and cooperative manner; and
- Always seek the advice of experts on any positions where the legislation is unclear or subject to interpretation.

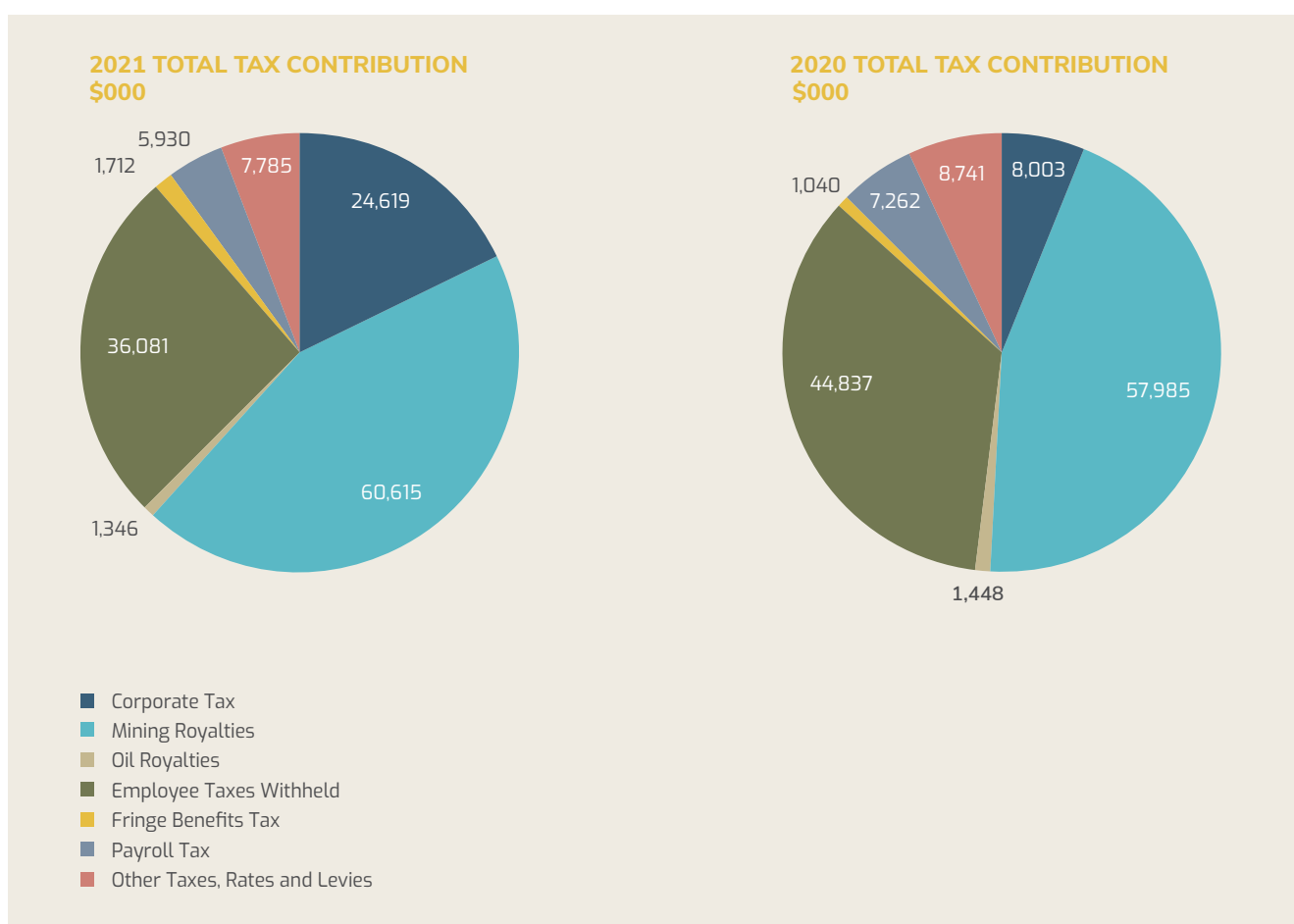
| NUMERICAL RECONCILIATION OF ACCOUNTING PROFIT/(LOSS) TO CORPORATE TAX EXPENSE | 31 JULY 2021<br>\$000 | 31 JULY 2020<br>\$000 |
|---|-----------------------|-----------------------|
| Profit/(Loss) before Income Tax   | 110,720               | (225,551)             |
| Income Tax calculated at 30% (2020: 30%)                                      | (33,216)              | 67,665                |
| Tax effected adjustments to Taxable Income                                    |                       |                       |
| Previously unrecognised Capital Losses  | 1,716                 | –                     |
| Impairment of Goodwill  | –                     | (3,681)               |
| Other non-temporary items   | 89                    | (18)                  |
| Non-deductible Impairment Expenses  | (13,204)              | (100,308)             |
| Other temporary deductible amounts  | 19,996                | 28,339                |
| <b>Corporate Tax (Expense)</b>  | <b>(24,619)</b>       | <b>(8,003)</b>        |



# TAX CONTRIBUTION REPORT

## TAX POLICY, TAX STRATEGY AND TAX GOVERNANCE (CONTINUED)

| TAX CONTRIBUTIONS SUMMARY     | 31 JULY 2021<br>\$000 | 31 JULY 2020<br>\$000 |
|-------------------------------|-----------------------|-----------------------|
| Corporate Tax                 | 24,619                | 8,003                 |
| Mining Royalties              | 60,615                | 57,985                |
| Oil Royalties                 | 1,346                 | 1,448                 |
| Employee Taxes Withheld       | 36,081                | 44,837                |
| Fringe Benefits Tax           | 1,712                 | 1,040                 |
| Payroll Tax                   | 5,930                 | 7,262                 |
| Other Taxes, Rates and Levies | 7,785                 | 8,741                 |
| <b>Total Tax Contribution</b> | <b>138,088</b>        | <b>128,277</b>        |



# 2021 RESOURCES AND RESERVES

The following coal resources and reserves and oil reserves and resources are subject of separate ASX announcements dated 21 September 2021.

## COAL RESOURCES

COAL RESOURCES AS AT 31ST MAY 2021 (MILLION TONNES)  
(COAL RESOURCES ARE INCLUSIVE OF THE RESERVES REPORTED BELOW)

| DEPOSIT               | STATUS      | INFERRED   | INDICATED    | MEASURED   | 2021 TOTAL   | 2020 TOTAL   |
|-----------------------|-------------|------------|--------------|------------|--------------|--------------|
| New Acland            | Mine        | 16         | 193          | 285        | 494          | 499          |
| Bengalla <sup>1</sup> | Mine        | 16         | 176          | 189        | 381          | 393          |
| Burton <sup>2</sup>   | Mine        | 8          | 11           | 13         | 32           | 32           |
| Lenton <sup>2</sup>   | Exploration | 208        | 104          | 68         | 380          | 380          |
| Yamala <sup>3</sup>   | Exploration | 184        | 39           | 14         | 237          | 237          |
| Elimatta              | Exploration | 73         | 105          | 108        | 286          | 286          |
| Collingwood           | Exploration | 94         | 139          | 43         | 276          | 276          |
| Taroom                | Exploration | 122        | 338          | –          | 460          | 460          |
| Woori                 | Exploration | 42         | 67           | –          | 109          | 109          |
| <b>Total</b>          |             | <b>763</b> | <b>1,172</b> | <b>720</b> | <b>2,655</b> | <b>2,672</b> |

1 Figures shown are 100% of total Resources. New Hope Group share is 80%. The Resource number includes 74 Mt of Underground Resource.

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

3 Figures shown are 100% of total Resources. New Hope Group share is 70%.

All Coal Resource estimates are prepared and reported in accordance with the 2012 JORC Code.

### JORC DECLARATION – COAL RESOURCES

The estimates of Coal Resources reported herein, have been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012). These resources are inclusive of the Reserves Statement and are as at 31st May 2021 unless otherwise stated.

The resources for Bengalla, Burton, Collingwood, Elimatta, Lenton, New Acland, Taroom, Woori and Yamala have been re-quoted from the 2020 New Hope Group annual report. The resource estimates are based on information reviewed by Mr Sean Dixon, who is the Competent Person for coal resources and a full-time employee of the company. Mr Dixon has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking, to qualify as Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

# 2021 RESOURCES AND RESERVES

## COAL RESERVES

|                         |             | COAL RESERVES AS AT 31ST MAY 2021 (MILLION TONNES) |            |            |                                   |            |            |
|-------------------------|-------------|--|------------|------------|-----------------------------------|------------|------------|
|                         |             | RECOVERABLE RESERVE                                |            |            | RECOVERABLE RESERVES <sup>4</sup> |            |            |
| DEPOSIT                 | STATUS      | PROBABLE   | PROVED     | TOTAL 2021 | TOTAL 2020                        | PROBABLE   | PROVED     |
| New Acland <sup>1</sup> | Mine        | 121  | 245        | 366        | 370                               | 66         | 134        |
| Lenton <sup>2</sup>     | Exploration | 12   | 23         | 35         | 35                                | 7          | 14         |
| Elimatta                | Exploration | 26   | 93         | 119        | 119                               | 16         | 64         |
| Bengalla <sup>3</sup>   | Mine        | 45   | 151        | 196        | 208                               | 34         | 121        |
| Taroom                  | Exploration | 207  | –          | 207        | 207                               | 130        | –          |
|                         |             | <b>411</b>   | <b>512</b> | <b>923</b> | <b>939</b>                        | <b>253</b> | <b>333</b> |

1 313Mt of Recoverable Reserves require additional approvals beyond Acland Stage 3.

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

3 Figures shown are 100% of total Reserves. New Hope Group share is 80%.

4 Marketable Reserves are based on modelled washplant yields, and for operating mines have been correlated to reconciled data.

## JORC DECLARATION – COAL RESERVES

The information in this Coal Reserves Statement that relates to Coal Reserves for New Acland, Lenton, Elimatta, Bengalla and Taroom is based on information compiled by Mr Brett Domrow, who is a full-time employee of the company. Mr Domrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Domrow consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## OIL RESERVES AND RESOURCES

|  | 2021  |       |        | 2020  |        |        |
|--|-------|-------|--------|-------|--------|--------|
| NET RESERVES (AS AT 31 MAY 2021)             | 1P    | 2P    | 3P     | 1P    | 2P     | 3P     |
| Oil Equivalent (Mboe)                        | 2,357 | 5,882 | 11,525 | 1,336 | 4,386  | 7,663  |
| NET CONTINGENT RESOURCES (AS AT 31 MAY 2021) | 1C    | 2C    | 3C     | 1C    | 2C     | 3C     |
| Oil Equivalent (Mboe)                        | 5,323 | 9,311 | 18,408 | 7,910 | 12,675 | 24,401 |

Notes:

- Mboe = thousand barrels of oil equivalent. A conversion from gas volume to oil equivalent (at 5,485 scf/barrel of oil) was based on a standard industry metric.
- Petroleum reserves have been prepared using principally deterministic methods, supported by field reservoir modelling where available.
- Contingent resources (2C) have been estimated using a combination of deterministic and probabilistic volumetric assessments.
- BEL aggregates reserves (1P, 2P and 3P) and contingent resources (2C) using arithmetic summation.
- The economic assumptions used to evaluate each project are commercially sensitive. Reserves have been assessed as economic using discounted cash flow methods in compliance with PRMS guideline. Costs have been estimated using actual costs and reasonable estimates of forecast future costs. Oil prices have been forecast using reasonable estimates of future prices.
- Production is for the 12 month period 1 June 2020 to 31 May 2021.
- The reference points are at each field where crude oil is sold into a road tanker with IOR Petroleum, except for Cuisinier and Naccowlah where the reference point is at the Moomba plant inlet and Vali, which is the Moomba sales outlet.
- Reserves reported include fuel consumed in operations at each field; totalling 272 1P, 642 2P and 992 3P Mboe.
- In accordance with the SPE-PRMS guidelines, only committed infill wells or similar capital projects are captured as reserves.
- As per SPE-PRMS guidelines 2C resources include; uncommitted infill drilling opportunities, discoveries that are contingent on development and enhanced recovery projects such as waterflood or CO2 miscible sweep.
- Due to rounding, volumes may not reconcile to totals.

# CORPORATE DIRECTORY

## DIRECTORS

**Robert D. Millner**  
Chairman

**Todd J. Barlow**  
Non Executive Director

**Jacqueline E. McGill AO**  
Non Executive Director

**Thomas C. Millner**  
Non Executive Director

**Ian M. Williams**  
Non Executive Director

## COMPANY OFFICERS

**Reinhold H. Schmidt**  
Chief Executive Officer

**Robert J. Bishop**  
Chief Financial Officer and Company Secretary

## AUDITORS

**Deloitte Touche Tohmatsu**  
Level 23, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

## PRINCIPAL ADMINISTRATION & REGISTERED OFFICE

Level 16, 175 Eagle Street  
Brisbane QLD 4000

Telephone: (07) 3418 0500

## WEBSITE ADDRESS

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

## SHARE REGISTER

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Brisbane QLD 4000

Telephone: 1300 552 270

Website: [www.computershare.com](http://www.computershare.com)

ASX CODE: NHC



NEW HOPE  
GROUP

