New Hope Corporation Limited

A.B.N. 38 010 653 844

NOTICE OF ANNUAL GENERAL MEETING

17 November 2020

NEW HOPE CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

on 17 November 2020

The Annual General Meeting (**AGM**) of New Hope Corporation Limited ACN 010 653 844 (**Company** or **NHC**) will be held on Tuesday, 17 November 2020 at 12 noon (AEST) as a virtual meeting.

Shareholders who wish to attend the online meeting can join by visiting web.lumiagm.com/395317547 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.

By participating in the meeting online, Shareholders will be able to vote and submit questions during the meeting and view the webcast. For further instructions please view the online meeting user guide available at www.edocumentview.com.au/NHC2020

ITEMS OF BUSINESS

<u>Ordinary Business</u>

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 2020.

Note: The Financial Report, Directors' Report and Auditor's Report are available in the Annual Report sent to those Shareholders who elected to receive the Annual Report and available on the Company's website (www.newhopegroup.com.au) in the 'Investors section' under 'Annual Reports'.

This item does not require voting by Shareholders. It is intended to provide a reasonable opportunity for Shareholders to raise questions on the Financial Report, Directors' Report and Auditor's Report and on the performance and management of the Company.

The Company's Auditor (Deloitte Touche Tohmatsu) will be available at the meeting to answer questions. Shareholders may also address written questions to the Company's Auditor (refer below). The auditor is not obliged to provide written answers.

2. Remuneration Report – Resolution 1

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

"That the Remuneration Report for the financial year ended 31 July 2020 as set out in the Directors' Annual Report and Financial Statements, be adopted."

Note: The Corporations Act requires listed companies to present their Remuneration Report for adoption by Shareholders at the Company's Annual General Meeting. The report can be found in the Annual Report of the Company as detailed in item 1 above. The vote on this resolution is **advisory only** and does not bind the Directors or the Company.

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 2020, 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.

For the purposes of Resolutions 1 and 4:

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 dependent 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 described by the *Corporations Regulations 2001 (Cth).*

3. Re-election of Mr Robert Millner – Resolution 2

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

"That, Mr Robert Millner, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

4. Election of Ms Jacqueline McGill AO – Resolution 3

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

"That, Ms Jacqueline McGill AO, who was appointed by the other Directors as a Director (commencing 22 June 2020), retires in accordance with the Company's Constitution and, being eligible, offers herself for election, be elected as a Director of the Company."

5. Issue of Performance Rights to Chief Executive Officer – Resolution 4

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

"That approval is given for the issue of 414,056 Performance Rights to the Chief Executive Officer of the Company, Mr Reinhold Hans Schmidt, under the Employee Performance Rights Share Plan described in the Explanatory Memorandum, and for the issue of ordinary shares on the exercise of those Performance Rights."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4:

(a) in favour of the resolution by or on behalf of Mr Reinhold Schmidt or any of Directors of the Company (as each of them are eligible to participate in the Company's Employee Performance Rights Share Plan) or any of their associates, regardless of the capacity in which the vote is cast; or
(b) as 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 on Resolution 4:

(c) as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
(d) as proxy for a person entitled to vote on the resolution by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the Chairman decides; or
(e) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
    - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Key Management Personnel and Closely Related Party have the same meaning as set out in the voting exclusion statement in Resolution 1.

<u>Resolutions promoted by Market Forces and requisitioned by a group of Shareholders</u>

Two resolutions have been requisitioned by Market Forces as agent for 113 Shareholders of the Company under section 249N of the Corporations Act as follows:

6. Amendment to the Constitution (Market Forces) – Resolution 5

To consider and if thought fit, to pass the following 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."

7. Capital Protection (Market Forces) – 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, a plan that demonstrates how the company will wind up its coal production assets and operations in a manner consistent with the climate goals of the Paris Agreement.

This plan should include:

- *Details of how the company's capital expenditure will facilitate the efficient wind up of coal operations and assets in a timeframe consistent with the Paris goals;*
- *Production guidance for the lifetime of coal assets that is consistent with the Paris goals;*
- *Plans for decommissioning and rehabilitating asset sites at the end of their Paris-aligned 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 remaining capital in the company will be returned to investors."*

The Board unanimously recommends that Shareholders vote **<u>AGAINST</u>** Resolutions 5 and 6.

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

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 12:00pm (AEST) on Sunday, 15 November 2020.

Proxy Appointment

Shareholders who are entitled to participate 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 must 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:

1. Online at 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

2. 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 Pty Limited
   GPO Box 242
   Melbourne VIC 3001, Australia OR

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

The lodgement of a proxy form (and any Power of Attorney under which it is signed) must be received no later than 12:00pm (AEST) Sunday 15 November 2020 (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 participate 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 under 'Printable Forms' then 'Corporate Forms').

Questions from Shareholders

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

Similarly, a reasonable opportunity will be given to Shareholders 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 who are 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 (AEST) on Tuesday, 12 November 2020 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

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

Technical difficulties

Technical difficulties may arise during the course of the virtual meeting. This may include local technical difficulties experienced by Shareholders, such as poor internet connection. 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 vote, even if they plan to attend the meetings online. Similarly, if a shareholder holder 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.

If you require any assistance please contact our share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

By order of the Board

Ms Janelle Moody
Company Secretary
16 October 2020

EXPLANATORY MEMORANDUM

FOR ANNUAL GENERAL MEETING OF NEW HOPE CORPORATION LIMITED ON 17 NOVEMBER 2020

This Explanatory Memorandum forms part of the Notice of Meeting and has been prepared for the information of Shareholders in connection with the resolutions to be considered at the Annual General Meeting of the Company to be held as a virtual meeting on Tuesday, 17 November 2020 at 12 noon (AEST).

This document is important and should be read in conjunction with the Notice of Meeting.

Resolution 1 – Remuneration Report

The Corporations Act requires that the section of the Directors' Report dealing with the remuneration of the Company's Key Management Personnel be put to the vote of Shareholders for adoption. The resolution of Shareholders is not binding on the Directors or the Company.

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

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

Resolutions 2 and 3 – Re-election of Directors

Resolutions 2 and 3 relate to the re-election of Mr Robert Millner and the election of Ms Jacqueline McGill AO 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 (excluding the Managing Director) must retire from office. If the number of directors is not a multiple of three, the number of directors nearest to, but not less than, one third of the directors must retire from office.

Under this rule, Mr Robert Millner and Mr William Grant retire by rotation. Mr Millner, being eligible offers himself for re-election. As announced on 22 September 2020, Mr Grant will be retiring at the end of the AGM and not offering himself for re-election.

Ms Jacqueline McGill AO was appointed a Director (commencing 22 June 2020) by the other Directors. In accordance with rule 19.4 of the Company's constitution, Ms McGill retires at this meeting and, being eligible, offers herself for election.

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

Resolution 2 - Re-election of Mr Robert Millner

Mr Millner joined the Board of the Company on 1 December 1995 and was appointed Chairman in 1998. He is also Chairman of Washington H. Soul Pattinson and Company Limited (the Company's holding company), BKI Investment Company Limited, Brickworks Limited and Milton Corporation Limited and a Director of Apex Healthcare Berhad, TPG Telecom Limited and TUAS Limited.

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

The Directors (with Mr Robert Millner abstaining) recommend you vote **FOR** Resolution 2.

Resolution 3 – Election of Ms Jacqueline McGill AO

Ms Jacqueline McGill AO is a highly accomplished Executive and Non-Executive Director with broad strategic and deep operational leadership across a range of sectors. She is Chair of TAFE South Australia, Member of South Australian Premier's Economic Advisory Council, Director of Royal Automobile Association of South Australia and Non-Executive Director at South Australian Art Gallery. She has previously held Non-Executive Director roles with a range of logistics and infrastructure organisations, and she was Vice President of the South Australian Chamber of Mines and Energy. During her executive career she held senior leadership roles with BHP including leadership of BHP Mitsui Coal and Olympic Dam Corporation.

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. On Australia Day 2020 she was awarded an Order of Australia for her contribution to the Resources sector and her leadership on Gender Inclusion.

Ms McGill was appointed a Director (commencing 22 June 2020) by the other Directors. In accordance with the Company's constitution, Ms McGill retires at this meeting and, being eligible, offers herself for election.

Ms McGill is a member of the Audit and Risk Committee (**ARC**) and a member of the Human Resources and Remuneration Committee (**HRRC**). Mr William Grant OAM is retiring at the end of this meeting and is currently Chair of the HRRC. If elected, Ms McGill will become Chair of the HRRC following Mr Grant's retirement and will continue as a member of ARC.

The Board has considered Jacqueline's independence and has determined that she is an independent director. Appropriate checks into Ms McGill's background and experience were completed before Ms McGill was appointed to the Board.

The Directors (with Ms Jacqueline McGill abstaining) recommend you vote **FOR** Resolution 3.

Resolution 4 – Issue of Performance Rights to Chief Executive Officer Mr Reinhold Schmidt

Approval is sought for Mr Reinhold Schmidt to be granted the following performance rights (**Performance Rights**) under the Company's Employee Performance Rights Share Plan (**Rights Plan**) as a Long Term Incentive (**LTI**):

Performance Period	LTI Value	5 day VWAP[1]	Vesting Date	Number of Performance Rights
1 August 2020 to 31 July 2023	$555,000	$1.3404	1 August 2024	414,056

*[1] Volume Weighted Average Price (**VWAP**) of the Company's shares over the 5 trading days preceding 31 July 2020*

It is intended that the Performance Rights will be granted to Mr Schmidt shortly after the meeting.

The grant of Performance Rights and allocation of shares on vesting of those Performance Rights to the Chief Executive Officer does not require shareholder approval under ASX Listing Rule 10.14 because Mr Schmidt is not currently a director of the Company. However, the Company is seeking shareholder approval at the meeting in the interests of transparency and good corporate governance.

The key terms for the issue of these Performance Rights is set out below:

Key Term	Description
Form of equity	Mr Schmidt will be granted Performance Rights which will convert to Ordinary Shares upon the satisfaction of both performance and service related vesting conditions (see below). The number of Performance Rights to be issued is calculated by dividing the LTI Value by the 5-day VWAP. The amount of Performance Rights which will convert to Ordinary Shares is determined by the Board as set out below. Performance Rights carry no entitlement to voting or dividends prior to converting to Ordinary Shares.
Performance Period	The performance criteria (see below) are tested at the end of the three year performance period (1 August 2020 to 31 July 2023) to determine the number of Performance Rights that vest.
Service Period	The Chief Executive Officer must remain an employee of the Company for 12 months beyond the Performance Period (i.e. 31 July 2024) to be eligible for the LTI benefit.
Performance Criteria and Vesting	The following performance criteria are assessed for the Performance Rights to be converted to Ordinary Shares following the satisfaction of the Service Period: • Long-term Company performance measured by the total shareholder return achieved by the Company over the three year period relative to the ASX 200 Net Total Return index (75% weighting); and • Individual key performance indicators based upon the Company's strategic plan, the needs of the Company and the requirements of the role (25% weighting). The Board ultimately decides what percentage of Performance Rights will be vested based on achievement of these performance criteria. Performance Rights that are not converted to Ordinary Shares will lapse.
Cessation of Employment During the Performance or Service Period	Generally all unvested Performance Rights will be forfeited in the event that cessation of employment occurs prior to the completion of the Performance or Service Period. The Board retains discretion to consider extenuating circumstances and may choose to award some or all of the entitlement to the Chief Executive Officer.

Other terms of the Rights Plan are summarised in the Remuneration Report.

There is no consideration payable by Mr Reinhold Schmidt for the issue of the Performance Rights or upon conversion of the Performance Rights to shares. There are no loans offered in connection with the issue of Performance Rights.

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

Resolutions 5 and 6 promoted by Market Forces

A group of 113 Shareholders 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 the Company's Shareholders.

While the Board recognises the right of Shareholders to requisition resolutions, the Board does not recommend in favour of resolutions that are not in the best interests of the Company and its Shareholders. The directors recommend you vote **AGAINST** Resolutions 5 and 6.

Statement pursuant to Section 249P of the Corporations Act in relation to Resolution 5 – Amendment to the 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.

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. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins 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 rare 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]

Statement pursuant to Section 249P of the Corporations Act in relation to 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.

This resolution is in the best interests of shareholders and the company, given the risk that further capital expenditure on coal development and production projects would be stranded by market and policy shifts to meet the climate goals of the Paris Agreement, resulting in severe financial impacts on our company.

We request disclosure of a plan to limit capital expenditure to only support production that is demonstrably viable in a Paris-aligned scenario, and meet the company's obligations for mine site rehabilitation, employee wage and entitlement payments, and an employee transition plan.

The Paris Agreement aims to hold global warming to well below 2ºC above pre-industrial levels and pursue a 1.5ºC limit,[1] and has been ratified by 185 countries. Governments and markets, including those our company supplies, are accelerating climate action to achieve these goals.

Markets disappearing

NHC claims our business is sustainable under three International Energy Agency (IEA) scenarios.[2] However, analysis of a Paris-aligned coal power phase-out scenario demonstrates our major export markets are on a path to complete elimination.

Climate Analytics shows that, in order to meet the Paris climate goals, coal power must be phased out globally by 2040, and fall 80% below 2010 levels by 2030.[3] The Paris-aligned coal phase out dates for NHC's export markets are:

- Japan (44% of FY19 revenue): 2030
- Taiwan (25% of FY19 revenue): 2037
- China (9% of FY19 revenue): 2037
- Korea (combined with Indonesia for 8% of FY19 revenue)[4]: 2030[5]

In this scenario, almost half of NHC's current thermal coal market would be gone by 2030, over 90% by 2037, and 100% by 2040.

Even the IEA's Sustainable Development Scenario (SDS) shows coal demand decreasing to 43Mt (-74%) in Japan, and 140Mt (-67%) in Asia Pacific, excluding China, India, Indonesia and Japan, from 2018 to 2040.[6] In the SDS, China, India and Indonesia - all significant domestic coal producers - make up 90% of Asia Pacific coal demand in 2040.[7] These countries combined accounted for less than 18% of NHC's FY19 revenue.[8]

Growth expectations unrealistic

In stark contrast to the above scenarios, NHC claims: "For most Asian countries thermal coal will continue to be a significant component of their energy mix for many years to come, underpinned by continued investment in new coal fired power stations."[9] The company has projected Asian thermal coal imports to grow to 55% from 2017 to 2030, with key markets Taiwan and Korea increasing 13% and 17% respectively, and Japan falling just 2%.[10]

Falling renewable energy prices, stricter climate change and pollution policies, and the rapid shift in global financial markets away from coal contradict NHC's unreasonably optimistic expectations of Asian coal demand.[11]

The pipeline of proposed new coal power stations in Southeast Asia has halved from 2015 to 2019, while construction starts fell 85% from 2016 to 2019.[12] Japan plans to close around 100 of its 140 coal-fired power plants by 2030.[13] Korea is phasing out domestic and overseas coal financing.[14] Vietnam's latest Power Development Plan will see half of the country's planned coal

[1] https://unfccc.int/sites/default/files/english_paris_agreement.pdf, Article 2(1)(a)
[2] https://www.newhopegroup.com.au/files/files/Sustainability%20Report.pdf, 19
[3] https://climateanalytics.org/briefings/coal-phase-out/
[4] https://www.newhopegroup.com.au/files/files/Annual%20Report%202019.pdf, 2
[5] https://climateanalytics.org/briefings/coal-phase-out/
[6] IEA WEO 2019, 224
[7] Ibid
[8] https://www.newhopegroup.com.au/files/files/Annual%20Report%202019.pdf, 2
[9] Ibid, 17
[10] https://www.newhopegroup.com.au/files/files/20180918%20FY2018%20NHCL%20ASX%20Financial%20Results%20Presentation(1).pdf, 33
[11] https://ieefa.org/the-outlook-for-thermal-coal-in-southeast-asia-and-south-asia/
[12] https://endcoal.org/wp-content/uploads/2020/03/BoomAndBust_2020_English.pdf, 18
[13] https://www.reuters.com/article/us-japan-powerstation-coal/japan-to-shut-or-mothball-100-ageing-coal-fired-power-plants-yomiuri-idUSKBN243074
[14] https://www.climatechangenews.com/2020/04/16/south-korea-implement-green-new-deal-ruling-party-election-win/

power plant capacity cancelled or shelved.[15] Bangladesh is reviewing 26 of its 29 planned coal plants, stating the country's intention to "move from coal-based power."[16]

Increasing stranded asset risk

NHC is planning to significantly increase thermal coal production "through existing resource development, new resource exploration and acquisitions."[17]

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 a planned production capacity of 10Mtpa out to 2039.[18]

The AU$900 million New Acland Stage 3 project would expand that mine's production capacity to 7.5Mtpa run-of-mine (ROM),[19] and extend its production life by 12 years.[20]

NHC has submitted mining lease applications for its AU$1.2 billion Elimatta project,[21] which would produce up to 5Mtpa for "in excess of 32 years."[22] The company is undertaking pre-feasibility studies on a further 17Mtpa ROM of coal production capacity.[23]

Even without these pre-feasibility projects, NHC plans to spend over AU$2 billion on projects that would significantly increase production out to 2039, and continue production beyond 2050. Based on the coal phase-out dates stated above, these plans could see production of up to 150Mt of coal that could not be sold into our current markets.

Capital preservation

Recent periods of low thermal coal prices provide insight into the risk facing NHC's production plans.

Since 2010, EBITDA margins have ranged between:

- 35-38% from FY10-13, when the thermal coal price averaged US$98.9/t/t
- 17-28% from FY14-16 (US$64.1/t)
- 34-43% from FY17-19 (US$92.2t)

Thermal coal prices fell to US$66/t in December 2019 and just US$52/t in May 2020. Based on an average of the latest major analyst forecasts available in July 2020 (including JP Morgan, UBS, and Macquarie, among others), coal prices are expected to remain below US$75/t out to 2024. Analysts forecast NHC's revenue and EBITDA will remain well below FY19 levels out to 2022.[24]

Many commentators recognise the thermal coal sector is in terminal decline, and is no longer cyclical.[25] Under the SDS, Japan thermal coal import prices are projected at US$65/t in 2030 and US$69/t in 2040.[26] As noted above, a 1.5°C scenario would see global thermal coal demand reach zero by 2040. By contrast, NHC brazenly assumes a coal price of US$120/t in the

15 https://www.eco-business.com/news/vietnam-considers-scrapping-half-of-coal-power-plant-pipeline-in-favour-of-gas-and-renewables/
16 https://chinadialogue.net/en/energy/bangladesh-may-ditch-planned-coal-power/
17 https://www.newhopegroup.com.au/content/projects/operations/coal
18 https://www.newhopegroup.com.au/files/files/Annual%20Report%202019.pdf, 7
19 http://www.statedevelopment.qld.gov.au/resources/project/new-acland-coal-mine/nacp-stage-3-eis-report.pdf, 5
20 Ibid
21 https://www.newhopegroup.com.au/files/files/projects/elimatta/2014/appendix/09%20Appendix%n20I%20Economic%20Impact%20Assessment.pdf, 44
22 https://www.newhopegroup.com.au/files/files/projects/elimatta/2014/eis/04%20Elimatta%20EIS%202014%20Exec%20Summary.pdf
23 https://www.newhopegroup.com.au/files/files/Annual%20Report%202019.pdf, 5
24 Refinitiv Smart Estimates
25 https://ieefa.org/ieefa-update-capital-flight-from-thermal-coal-is-accelerating/
26 IEA WEO 2019, 756

Economic Impact Assessment for its Elimatta project.[27]

Shareholders are interested in the preservation of capital, maximising future company value, and 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]

27 https://www.newhopegroup.com.au/files/files/projects/elimatta/2014/appendix/09%20Appendix%20I%20Economic%20Impact%20Assessment.pdf, 41

New Hope Corporation Limited
ABN 38 010 653 844

Need assistance?

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

Online:
www.investorcentre.com/contact

NHC

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

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00pm (AEST) Sunday 15 November 2020.**

New Hope Corporation Limited Annual General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020.*
These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location:

The Annual General Meeting of New Hope Corporation Limited will be a virtual meeting, which will be conducted online on Tuesday, 17 November 2020 at 12:00pm (AEST).

Attending the meeting online:

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time.

To participate online you will need to visit web.lumiagm.com/395317547 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at www.edocumentview.com.au/NHC2020.

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at 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: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

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

New Hope Corporation Limited
ABN 38 010 653 844

NHC

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

Need assistance?

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

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00pm (AEST) Sunday 15 November 2020.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to 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.

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

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

I 9999999999 IND

Proxy Form

Please mark X to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of New Hope Corporation Limited to be held via a virtual platform at web.lumiagm.com/395317547 on Tuesday 17 November 2020 at 12:00pm (AEST) 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 completing and submitting this proxy form, I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 and 4** (except where I/we have indicated a different voting intention in step 2) even though **Items 1 and 4** are 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 **Items 1 and 4** 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**	**Board Recommendation**	**For**	**Against**	**Abstain**
1. Remuneration Report	**FOR**			
2. Re-election of Mr Robert Millner	**FOR**			
3. Election of Ms Jacqueline McGill AO	**FOR**			
4. Issue of Performance Rights to Chief Executive Officer	**FOR**			
NON-BOARD ENDORSED RESOLUTIONS **The Board recommends shareholders vote AGAINST Resolutions 5 and 6**				
5. Amendment to the Constitution (Market Forces)	**AGAINST**			
6. Capital Protection (Market Forces)	**AGAINST**			

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The Chairman of the Meeting intends to vote undirected proxies in favour of items 1 to 4 and against items 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	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	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

NHC 269559A

computershare

NEW HOPE GROUP

Energise ...

2020 **ANNUAL REPORT**

Contents

Directors

Robert D. Millner Chairman of Directors
Todd J. Barlow Non Executive Director
William H. Grant OAM 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 Acting Chief Financial Officer
Janelle S. Moody 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
Facsimile: (07) 3418 0355

Website

www.newhopegroup.com.au

Share Register

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone: 1300 552 270
Website: www.computershare.com

ASX CODE: NHC

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

2020 Snapshot

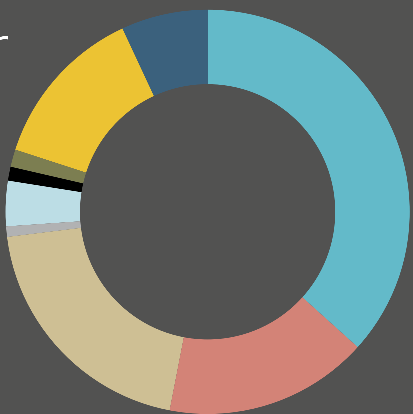
Financials

EBITDA[1] (before non regular items)	PROFIT BEFORE INCOME TAX[2] (before non regular items)	EARNINGS PER SHARE (before non regular items)
$290M	$120M	10¢
▼ 44%	▼ 69%	▼ 69%

Operations

TOTAL TONNES SOLD	CASH GENERATED FROM OPS[3] (before interest, tax and acquisition costs)	PROFIT AFTER INCOME TAX[2] (before non regular items)
11.5M	$298M	$84M
▲ 6%	▼ 42%	▼ 69%

Customer profile



Total segment revenue by geographical location ($M)

Japan	447
China	127
Taiwan	80
Chile	26
Korea	69
Vietnam	10
India	27
Other[4]	168
Australia	128

1 Earnings before interest, tax, depreciation and amortisation is not defined by IFRS and is a non statutory measure. This non-IFRS information has not been audited by Deloitte.

2 Net profit before and after tax and before non regular items is a non-statutory measure used by management as a primary measure to assess the financial performance and excludes non regular income and expenses incurred by the Group. A reconciliation of non regular items can be found on page 21 of the Directors Report. This non-IFRS information has not been audited by Deloitte.

3 The Operating cashflow surplus for 2020 is before interest and tax (2019: before acquisition costs, interest and tax).

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

Long standing customers

Top 4 customer relationships by FY2020 by contracted tonnage

Customer 1	29 years
Customer 2	20 years
Customer 3	20 years
Customer 4	19 years

Community

DONATIONS AND SPONSORSHIP [5]

$1.6M

Environment

WATER RECYCLED [5]

2,157ML

LAND REHABILITATED [5]

248HA

TOTAL ENERGY USE [6]

4,370,425GJ

Our people

NUMBER OF EMPLOYEES [5]

873

TOTAL NUMBER OF INJURY FREQUENCY RATE [5]

2.97

5 Refer to our Sustainability report for more information.

6 The scope 1 and 2 GHG emissions and energy consumption data have been reported on an operational control basis. We report our scope 1 and 2 GHG emissions and energy consumption data with a one year lag due to the timing of the annual scope 1 and 2 GHG emissions and energy consumption data, which is due for submission to the Clean Energy Regulator on 31 October 2020. Our FY2020 data will therefore be disclosed in our FY2021 Sustainability Report.

Chairman's review

Dear Shareholders,

I am pleased to provide you with the Company's Annual Report for the 2020 financial year.

The 2020 financial year has been like no other year in the Company's history and has presented the Board and management with a number of challenges. The Company has weathered many coal pricing cycles in its long history, but never one driven by such a unique set of circumstances; a pandemic and increasing tension with Australia's major trading partner.

The Company performed solidly in the first half of the 2020 financial year from a financial perspective, recognising a profit before tax and non-regular items of $123.5 million, however the second half result was greatly affected by the COVID-19 pandemic with a full year profit before tax and non regular items of $119.5 million. Despite production at New Acland decreasing over the year, overall New Hope's saleable coal production increased by 4% from the 2019 financial year, to 11.3 million tonnes.

Newcastle Coal prices were resilient until March but fell around 33% or A$36 per tonne for the period March to July 2020 driven by weakening demand and a weakening US dollar. Australian producers have been more disadvantaged in local currency terms than our seaborne competitors as investors looked to the relative safety of the Australian dollar as the pandemic and events in the United States unfolded.

As I write we are beginning to see some signs on the supply and demand sides that should help to stabilise coal prices.

In response to lower coal prices the Company has paid careful attention to expenditure going forward with non-essential capital spend postponed, and a refocus on cost management. The Bengalla and New Acland (at full production) mines are excellent assets, low on the cost curve and producing high quality thermal coal in demand in Asian markets. With assets like these in close proximity to markets, the Company is well positioned to pull through the current market malaise.

One major headwind for the Company is the continued reluctance of the Queensland Government to approve the New Acland Stage 3 project, despite overwhelming community support, and the economic damage being wrought on the State by COVID-19. New Hope first applied for Stage 3 approvals in 2007 and has been locked in the process by anti-coal activist groups since then.

Unfortunately, it is the wider Queensland economy that suffers the economic and social cost of this indecision. The New Acland mine uses contracting companies from across the State to supplement the local permanent workforce. The vast majority of the permanent workforce lives and spends locally. There are no fly-in fly-out employees. In addition to mining job losses, when coal production stops at New Acland, train and rail maintenance crews will be out of work. The laboratory analysing the coal will need less staff (up to 20 people less), the Port of Brisbane will have 70 less vessels calling each year affecting the local maritime industry – pilots, stevedores, ship chandlers, lines boat crews, tugs, draft surveyors and the list goes on. As a consequence, the Group were forced to make 173 employees and contractors redundant from the mine, head office and the port, with a further 25 redundancies announced to come in October 2020. Stage 3 is a shovel ready project able to provide good long-term jobs for Queenslanders which currently boasts the highest unemployment rate in Australia at 8.8%. It requires approvals which the State Labor Government is in a position to grant despite ongoing legal challenges.

After 38 years of operation in the Ipswich coal fields, the Company ceased production at the Jeebropilly mine on 20 December 2019, effectively ending coal mining in the Ipswich region. Coal has been mined continuously in the Ipswich region since 1857 and New Hope has operated in the region since 1952. Since 1981 New Hope's Ipswich mines produced 38 million tonnes of coal, providing income and prosperity for hundreds of families in the area. The focus is now on rehabilitation of the mine sites and post mine land use in the area. The final landform is close to being established at Jeebropilly and is in the process of being

seeded, whilst the Oakleigh West mine, which produced its last coal in 2013, currently has cattle grazing on the rehabilitated land.

COVID-19 presented some operational challenges to the business, limiting the movement of labour and materials required to keep operations running. It also required changed work practices to protect the ongoing health and wellbeing of team members and to help minimise the threat of COVID-19 entering a New Hope site. As a whole, the Australian mining industry has been very proactive, measured and responsible in its response to COVID-19 recognising its key role in supporting the Australian economy and jobs during and after COVID-19, and also maintaining security of supply to its customers over this time.

The Company's safety performance over the year was also pleasing, considering the challenges of keeping the team focused on safe production during COVID-19 and the ramp-down of production at Jeebropilly and New Acland Stage 2. The Company's total recordable injury frequency rate is currently just below three per million exposure hours, the best safety performance in the Company's history.

Bengalla remains globally a stand-out asset with long dated approvals, quality product and a very low cost of production. The Company has benefited from its first full year at 80% ownership and is working hard to make further improvements in mining operations and in the surrounding community. The agricultural land management strategy implemented for some time by New Hope at New Acland has been extended to land surrounding the Bengalla mine. Bengalla Agricultural Company Pty Ltd (BAC) has been busy making improvements including rejuvenation of cultivation paddocks, general property clean-up, and resting of previously overgrazed pastures. They also donated 350 round hay bales to local farmers for drought relief.

Once again, during a period of low pricing in the coal business, we see activists take the opportunity to predict the end of the industry, pushing for their preferred solution of renewables which, at this time, cannot economically or practically displace fossil fuels. According to the 2020 BP Statistical Review, in 2019 coal consumption declined, but still accounted for 27% of primary energy supply. Despite considerable growth, renewables accounted for just 5% of supply. In electricity generation, coal's share decreased but still accounted for 36%, well above the next most popular fuel which was gas at 23%. Renewables grew from 9% of electricity generation in 2018 to 10% in 2019. Coal's decline in 2019 was not just due to an increase in renewables, but also to the increasing competitiveness of gas in the fuel mix. Coal use declined strongly in the US and Western Europe but was largely offset by increases in Asia. The International Energy Agency's World Energy Outlook 2019 Current Policies Scenario has steam coal use increasing significantly from current levels through to 2040, whilst the Stated Policies scenario has steam coal use staying relatively flat through to 2040, with over 80% of steam coal demand being in the Asia Pacific region.

Looking forward, COVID-19 will continue to affect energy demand in the Company's markets and alter the balance of the energy mix. New Hope will continue to monitor developments and fine-tune its strategy accordingly.
As we move into the 2021 financial year we have seen change in the senior leadership group at New Hope.
In July 2020 the Chief Financial Officer Matthew Busch tendered his resignation after over 23 years of service to the Company. I would like to thank Matthew for his service over this period and wish him well for the future.

I would like to thank retiring Chief Executive Officer (CEO) and Managing Director (MD) Mr Shane Stephan for his valuable contribution to the Company. Shane has had a long career in the coal industry, commencing as a cadet mine manager in the Ipswich coal fields in 1981 and ending as CEO and MD of New Hope Corporation Limited, where he oversaw significant growth in the business. Over his 11 year tenure with New Hope Shane has been a positive influence on culture and performance, and I wish him well in his retirement.

New Hope welcomes Reinhold Schmidt to the role of Chief Executive Officer. Reinhold brings with him more than 20 years' of experience in the mining industry in Australia and abroad, and joins a talented management team who will continue to drive performance for the Company while navigating through a challenging period of lower coal prices.

Mr Bill Grant has announced his intention to retire with effect from the end of the Annual General Meeting on 17 November 2020. I would like to thank Bill for his significant contribution and service to the Company throughout his 14 year tenure as a Non Executive Director and also roles as Chairman of Bridgeport Energy Limited, Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee.

In June 2020, we welcomed Ms Jacqueline McGill AO to the Board. Jacqueline is a highly accomplished director with broad strategic and deep operational leadership across a range of sectors including the mining industry. She will take over as Chair of the Human Resources and Remuneration Committee upon Bill's retirement.

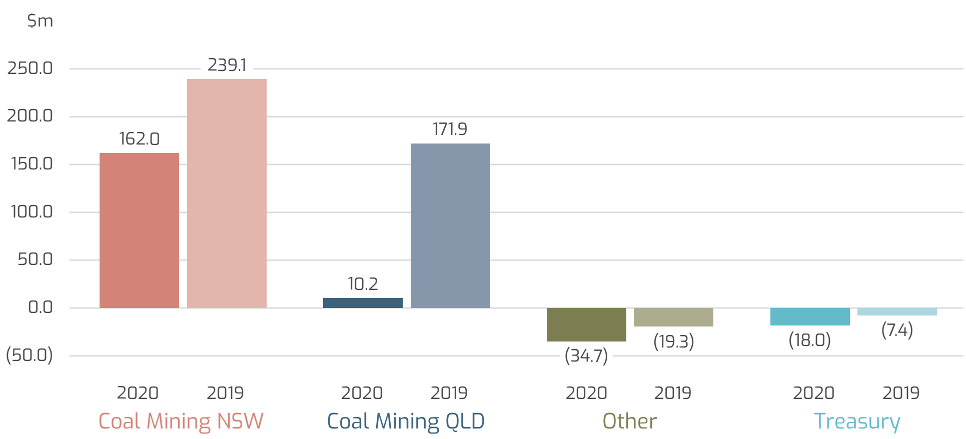
I would like to thank the management and staff of the Company for their continued efforts over what has been a challenging twelve months, particularly the team at New Acland who have been managing the ramp-down of production of Stage 2 and the resulting redundancies. I thank my Board colleagues for their diligence and finally I would like to thank our shareholders for their ongoing support.

R.D. Millner
Chairman

Financial review

The Company reported net profit before tax and non regular items[1] of $119.5 million for the year ended 31 July 2020. The result is 69% lower than the 2019 result of $384.3 million. The contribution of the operating segments to the net profit before tax and non regular items was $137.5 million (2019: $391.7 million) as well as Treasury as a reconciling item being a net loss of $18.0 million (2019: $7.4 million excluding non regular items) as per below graph.

OPERATING SEGMENTS – NET PROFIT BEFORE TAX AND NON REGULAR ITEMS[1]



After non regular items the Company reported a net loss after tax of $156.8 million for the year ended 31 July 2020, a reduction from the 2019 profit of $210.7 million.

During the year the Company generated strong cash operating surplus[2] of $297.8 million which is a decrease of 42% on the 2019 result of $509.8 million.

Basic earnings per share before non regular items[3], is 10.0 cents per share for 2020, compared to 32.3 cents per share in 2019. After non regular items, basic loss per share is 18.9 cents for 2020 against basic earnings per share of 25.3 cents in 2019.

Compared to the previous corresponding period, the 2020 full year result benefited from:

- Increased production and sales driven by the full year interest of 80% in the Bengalla Joint Venture;
- A lower AUD:USD exchange rate; and
- Non regular items including reduction in Jeebropilly rehabilitation provision and recovery of prior year rail costs.

Offset by:

- Lower US$ revenues due to market index pricing conditions;
- Increased cost of sales as the Acland Mine nears the end of the Stage 2 life; and
- Non regular items including impairment of coal production and exploration assets, impairment of goodwill and impairment of oil producing and exploration assets, New Acland ramp down costs, redundancies and ERP implementation costs.

1 Net profit before tax and non regular items is a non-statutory measure used by management as a primary measure to assess the financial performance and excludes non regular income and expenses incurred by the Group. A reconciliation of non regular items can be found on page 21 of the Directors Report. This non-IFRS information has not been audited by Deloitte.

2 The Operating cashflow surplus for 2020 is before interest and tax (2019: before acquisition costs, interest and tax).

3 Basic earnings before non regular items is a non-statutory measure used by management to assess the financial performance and excludes non regular income and expenses incurred by the Group during the financial year. This non-IFRS information has not been audited by Deloitte.

Operations overview

C Operations Coal
E Exploration & Development
P Operations Port Facility
A Operations Agriculture

Coal & Rehabilitation

New Acland

Location

North-west of Oakey, Queensland

Operations

2002 to present

Product

Thermal coal

Mining method

Open cut, multi-thin-seam mining

Bengalla

Location

Hunter Valley, New South Wales

Operations

1996 to 2039

Product

Thermal coal

Mining method

Open cut

Bengalla Mine is a joint venture (New Hope 80%, and Taipower 20%).

West Moreton

JEEBROPILLY

Location

Amberley, Queensland

Operations

1982 to 2019

Product

Thermal coal

Mining method

Open cut, multi-thin-seam mining

NEW OAKLEIGH

Location

Rosewood, Queensland

CHUWAR

Location

Ipswich, Queensland

Exploration & Development

Lenton

Project name
Lenton Joint Venture

Location
Bowen Basin, Queensland

Project areas
Burton Mine and Lenton Project

Product
Coking/thermal coal

Mining method
Open cut

Lenton is a joint venture project (New Hope 90%, Formosa Plastics Group 10%).

North Surat

Location
South West Queensland (near Taroom and Wandoan)

Project areas
Elimatta, Taroom, Collingwood and Woori

Product
Thermal coal

Mining method
Open cut

Port Facility

Queensland Bulk Handling

Queensland Bulk Handling Pty Ltd (QBH) is a separate venture located at the Port of Brisbane. It is a multi-user facility with the capacity to export 10 million tonnes per annum (mtpa) of coal and is Brisbane's leading coal export terminal. It has an international reputation as one of the nation's most reliable, efficient and quality assured facilities.

Agriculture

Acland Pastoral

Twelve hundred strong cattle breeding and cropping operation that owns 10,000ha of land on and around New Acland. There are 1500ha of dryland cropping in use and 132ha of irrigated land supplied with recycled water. Acland Pastoral Co. Pty Ltd (APC) continues to undertake cattle grazing on the rehabilitated mined land at New Acland and New Oakleigh, demonstrating the capacity for mining and agriculture to coexist.

Bengalla Agricultural

Significant work has been undertaken over the past 18 months to re-establish infrastructure and renovate the property consisting of 450ha for grazing cattle, 235ha for dryland cropping and an additional 165ha of irrigated cropping area. Bengalla Agricultural Company Pty Ltd (BAC) has produced substantial summer and winter crops and is currently backgrounding 500 weaner steers making use of the quality feed on offer.

Operations review

The Company produced 11.3 million tonnes of saleable coal in 2020 which is a 4% increase on 2019. New Hope's share of the Bengalla mine was 8.3 million tonnes while New Acland and Jeebropilly produced a combined 3.0 million tonnes of saleable coal.

Response to COVID-19

Throughout the COVID-19 pandemic the Company has made responsible and measured decisions to protect the ongoing health and wellbeing of team members and to help minimise the threat of COVID-19 entering a New Hope site. COVID-19 Safety Plans have been implemented to promote personal hygiene, equipment hygiene, physical distancing and mental health, in addition to providing training on COVID-19 infection control.

To date, the Group has had no cases of COVID-19 at any of its sites and the disruption and increased cost associated with COVID-19 related management measures has been minimal.

The recent outbreaks across southern states has seen renewed efforts across the Company to ensure complacency does not become an issue. All employees receive regular updates from the CEO advising of travel restrictions where necessary. Standard COVID-19 measures continue to be practiced across all sites.

The Queensland Government decision to close the border with NSW is expected to disrupt certain activities of the business including exploration, oil production and the Bengalla dragline shutdown. Plans have been implemented to mitigate the impact of the border closures.

The Company will continue to adhere to government advice, including strict quarantine measures for staff who have returned from overseas or have been in contact with someone who has a confirmed case of COVID-19.

Coal operations

Bengalla Joint Venture

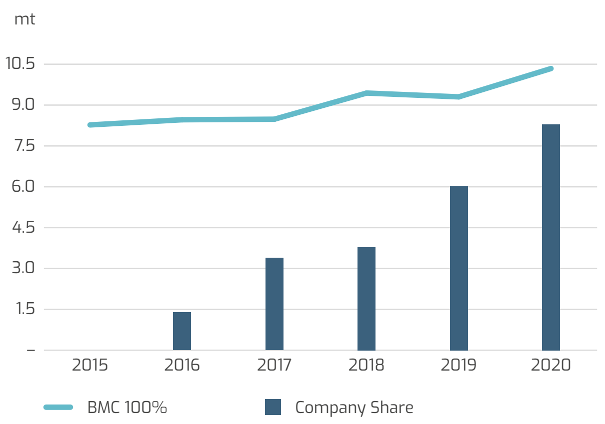
The Bengalla Mine (100% basis) produced 10.3 million tonnes to the year end 31 July 2020. This is another record for the business. Recent weather resulting in port closures and a train derailment close to the port meant the site lost some sales from July into August.

Bengalla also had a record performance from a health and safety perspective with just one recordable injury for the year and a year to date TRIFR (Total Recordable Injury Frequency Rate) of 0.58 per million exposure hours at the end of June 2020. In relation to the 2018 Fatality of Quinton Moore, Bengalla continued to support Quinton's family and crews on site and continues to cooperate with authorities undertaking their investigations. The Resources Regulator has confirmed it will not be taking any further investigative or enforcement action against Bengalla Mining Company Pty Limited (BMC) regarding the fatality, and they now consider the matter closed. Since the incident, Bengalla has made the decision to insource it's tyre management operations.

The site commenced a scheduled major mid-life shutdown of the dragline at the end of July. This shutdown is planned to last for 80 days and involves a significant amount of mechanical, electrical and structural repairs and upgrades to the machine. The dragline accounts for around 20% of total waste material movement at Bengalla and the shutdown will have a minor impact on coal flow in the first half of the 2021 financial year.

There has been a strong cost and business improvement focus across the business for the year. In a tough thermal coal market, Bengalla continues to make a positive margin and generate a strong profit for the Bengalla Joint Venture.

FIVE YEAR SALEABLE PRODUCTION PERFORMANCE



Bengalla exploration

The drilling program consisted of 56 open holes and 15 core holes, with a total of 14,640 metres drilled. The focus of this work has been reserve definition, gas testing and geotechnical hazard delineation, down dip of the existing operations.

Bengalla: 2020 KEY ACHIEVEMENTS

- Record production of 10.3 million tonnes (100% basis);
- Best safety performance on record with one injury and TRIFR of 0.58 per million exposure hours;
- Successful implementation of the Guardvant (Fatigue Monitoring) and Safemine (Proximity Detection) systems, significantly reducing critical risk in our business;
- A strong focus on cost management. This included the big data work in liaison with Hitachi to improve the underlying operating performance;
- Successfully managed a northern end-wall geotechnical issue and recovered to plan;
- Continued strong engagement with the local community despite COVID-19; and
- Progressed the renovation of Bengalla homestead.

New Acland:
2020 KEY ACHIEVEMENTS

- Improvement in reportable incidents rate of TRIFR of 8.3 per million exposure hours;
- Centre Pit nearing completion;
- Continued to win coal from old underground workings;
- In pit tailing rehabilitation progressing; and
- Overall rehabilitation progress on target with 80 hectares seeded and a further 30 hectares of oats planted in the past 12 months.

New Acland Coal Mine

New Acland produced 2.8 million tonnes of coal for the 2020 financial year, down 32% year on year due to the Queensland Government's failure to approve Stage 3, resulting in the halving of the workforce on site in October 2019. Over the past 12 months the business has completed the first phase of the wind down in which 150 personnel left the business.

New Acland Stage 3 (NAC03) development

The Queensland Court of Appeal rejected the appeal of the Oakey Coal Action Alliance (OCAA) in relation to the May 2018 Judicial Review findings of the Queensland Supreme Court. New Hope Group was successful on all points with the Court of Appeal finding an apprehension of bias against the Company by the original Land Court member.

Subsequently OCAA sought special leave to appeal the orders of the Court of Appeal and on 5 June 2020 were granted leave to appeal by the High Court. The High Court hearing will take place on 6 October 2020.

The Supreme Court of Queensland adjourned an application to wind up OCAA until after the High Court appeal is heard. The Court stated in the judgement, "The respondent (OCAA) owes a substantial debt to the applicant New Acland Coal Pty Ltd and appears to be insolvent."

The High Court appeal does not challenge findings on groundwater or any other environmental issue that is relevant to any decision being made by Government.

The action is nothing more than an attempt to delay final decisions on Stage 3 with no regard whatsoever for the impacts on the real locals. The Company is asking the Premier and her Government to address the concerns of the vast majority of locals; the ones who live, work, raise their children and shop in the local area.

The Queensland Government has all information before it to make the necessary decisions. There are no impediments to the Queensland Government granting the project's Mining Leases (ML), an AWL and other secondary approvals it requires before mining activity can commence.

New Acland exploration

The drilling program consisted of three new bores, with a total of 286 metres drilled, complimenting the 78 bores already in the project's comprehensive groundwater monitoring network.

West Moreton

The Jeebropilly Mine produced 0.2 million tonnes of saleable coal in the 2020 financial year. This volume was in line with budgeted performance and now operations have completed, it represents the cessation of active mining in the Ipswich Coal Fields.

Rehabilitation activities at both the Jeebropilly and New Oakleigh sites has continued over the course of the year including the capping of tailings areas and further works required to achieve final landform.

Given the location of our West Moreton sites within the South East Queensland urban footprint, the Company is investigating alternative land uses for mined areas and unmined landholdings. Significant growth in Ipswich over the past decade means these landholdings are well located with respect to existing infrastructure and demand. Rehabilitation of the former mined areas to high value post-mining land-uses, such as industrial or residential development, has the potential to add significant value to the underlying landholdings.

Key activities at West Moreton in 2020 included:

- Successful implementation of the 'Finishing Well' program;
- Rehabilitation work continued with more than 110 hectares seeded;
- Jeebropilly Coal Handling and Preparation Plant demolished safely and under budget cost;
- Donation of land to Rosewood School for their agriculture program;
- Partnered the McGrath Foundation to paint a dozer pink and raise funds for breast care nurses; and
- 315,000 bank cubic metres (BCM) of material moved into the Normanton Pit void at Oakleigh East.

Queensland Bulk Handling

QBH exported 5.1 million tonnes of coal for the 2020 financial year. This is a 24% decrease year on year mainly due to reduced output from New Acland mine associated with delays in approvals.

Key activities at QBH in 2020 included:

- Eight years Lost Time Injury (LTI) free safety milestone achieved;
- Restructure of current operations following the loss of 20% of the workforce through redundancies;
- Realised opportunities to meet short-term additional stockpile demand from current customers; and
- Completed first stage of reclaimer refurbishment project.

Lenton Joint Venture

Work continued on progressing the relevant approvals to facilitate the revised mine plan for the Lenton Project.

North Surat Project

The Pre-Feasibility Study (PFS) for the North Surat Project consisting of Elimatta, Taroom, Collingwood and Woori was completed during the 2020 financial year. On ground exploration and coal quality and washability program at Taroom was completed, new geological models were developed internally for both the Taroom and Woori projects.

The exploration and coal quality program improved Resource definition and supported the updated JORC Coal Resource estimates for Taroom and Woori. The completion of the PFS and coal washability program at Taroom supported the JORC Reserve over the Taroom Project.

Elimatta Mining Leases ML50254, ML50270 and ML50271 were granted by the Queensland Government on 1 June 2020.

Colton Project

On 17 October 2018, the Directors of the Company's subsidiaries, Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton Coal), placed the entities into voluntary administration. The companies were subsequently placed into liquidation by creditors at a meeting on 26 July 2019.

In 2019, there were proceedings in the Supreme Court of New South Wales between the Company, certain of its subsidiaries, Wiggins Island Coal Export Terminal Pty Ltd (WICET), NEC and Colton Coal in which WICET, NEC and Colton Coal contended that the Company and certain subsidiaries had guaranteed the debts of NEC and Colton Coal under a Deed of Cross Guarantee (DOCG) in an amount of approximately $155.0 million. On 12 July 2019, the Supreme Court of New South Wales found in favour of the Company and concluded that it had not guaranteed the debts of NEC and Colton Coal under the DOCG. On 20 December 2019, the New South Wales Court of Appeal dismissed (with costs) an appeal by WICET, NEC and Colton Coal of the Supreme Court's decision. On 12 June 2020, the High Court of Australia dismissed (with costs) WICET, NEC and Colton Coal's applications for special leave to appeal the New South Wales Court of Appeal decision.

The Liquidators have continued their investigations into NEC and Colton to determine whether there are potential claims that exist against the Company or the former directors of NEC and Colton, including whether NEC and Colton were trading whilst insolvent. The Liquidators allege that the value of the potential claims that may be available to NEC and Colton, subject to the Liquidators obtaining funding and conducting further investigations, may be in the range of $150.2 million to $168.3 million. No proceedings have been commenced with respect to these potential claims. The Group denies the alleged potential claims.

Coal Development and Exploration

The Company continued an active exploration program throughout the 2020 financial year utilising the Company's drill rigs, with the field crews celebrating 40 years of exploration operations and continuing an impressive safety record, standing at six years LTI free. During the year 109 holes were drilled, for a total 22,221 metres.

16 open holes were drilled on greenfield exploration tenements, with eight holes at Culgowie and eight holes Taroom East for a total 1,172 metres.

Bee Creek

The Bee Creek field program targeted the Rangal Coal Measures completion with 17 open holes and two core holes, for a total of 4,278 metres drilled. A field geophysical (electromagnetic) survey complemented the drilling, focused on identifying potential areas amenable to open cut mining.

Pastoral operations

APC operations received below average rainfall for the first half of the 2020 financial year and a supplementary feeding regime was implemented for the breeder herd, with over 1,000 weaners produced. Winter cropping was also impacted by the drought, however 400 tonnes of dryland barley hay and 200 tonnes of irrigated barley and oats was harvested. Above average rain in the second half of the financial year saw 4,600 tonnes of sorghum silage harvested and the planting of 800 hectares of barley and oats.

Following the acquisition of a controlling interest in Bengalla, New Hope's land management experience is being applied to the management of agricultural land surrounding the Bengalla operation, through the Company's subsidiary BAC. At BAC, significant capital upgrades were completed, including cattle yards, fencing of paddocks, lateral and pivot irrigator installation, and refurbishment of existing irrigators and reticulation networks.

Irrigated crops produced 2,700 large hay bales, a further 350 bales were donated for local drought relief. Over 300 hectares of oats and pasture has been planted in recent months.

Cattle grazing trials have been initiated at New Oakleigh with the introduction 113 heifers to the western rehabilitation area.

Key pastoral activities in the 2020 financial year included:

- Establishment of BAC;
- Significant capital improvements at BAC;
- Grazing trial commenced at New Oakleigh; and
- Significant donations of hay to local farmers, schools and community groups to help with drought relief.

Oil operations

Bridgeport Energy Limited

Oil production for Bridgeport Energy Limited (Bridgeport) was 352,027 barrels in the 2020 financial year, an 8% decrease on 2019 volumes principally because of natural production decline and underperformance of two new development wells. Bridgeport operations had no LTIs for the sixth year in a row and the TRIFR was below 12 per million exposure hours worked.

Revenue for the year was $24.6 million, down substantially on the prior year of $33.9 million due to the oil price drop as the COVID-19 pandemic took effect on oil demand in the second half of the reporting period. Bridgeport took appropriate measures from the fourth quarter to reduce costs by seeking reduced fees from a majority of suppliers, eliminating all third-party contractor work from the office, retrenching some staff and moving to a nine day fortnight with remaining office staff.

All major capital expenditure for operated projects was curtailed, and the forward budget accommodates essential work or joint venture activities only, down 60% on prior years.

Acland Pastoral

Bridgeport: 2020 KEY ACHIEVEMENTS

- Drilled three development wells on schedule and budget, two successful and on production;
- Completed 15 well workovers on schedule and budget;
- Successfully farmed-in to ATP2021 and PRL211 both operated by Vintage;
- Commenced negotiation with Carbon Transport and Storage Company on a CO_2 gas supply contract from a Millmerran-based post combustion capture plant for the Moonie oil field Carbon Capture Utilisation & Storage (CCUS) project;
- Bridgeport continued to de-risk the exploration portfolio with completion of the farmout of some of the 100% held equity in tenements ATPs 2023, 2024, 2025, 2026, 736, 737 and 738 in the Cooper Basin, while retaining operatorship of 2023 and 2024. Five of the seven tenements are now operated by Origin Energy, whereas ATPs 2023/2024 are near the Jackson Naccowlah production project in which Bridgeport holds a 2% working interest;
- Announcement of the future lifting of the drilling moratorium onshore in the Otway Basin Victoria will lead to a resumption of exploration activities at PEP 150 and PEP 151 in 2021; and
- Grant to Bridgeport of offshore Victoria state waters tenement VIC/P007191(V).

Coal resources

DEPOSIT	STATUS	COAL RESOURCES AS AT 31 MAY 2020 (MILLION TONNES) (COAL RESOURCES ARE INCLUSIVE OF THE RESERVES REPORTED BELOW)				
		INFERRED	INDICATED	MEASURED	2020 TOTAL	2019 TOTAL
New Acland [1]	Mine	16	193	290	499	497
Bengalla [2]	Mine	16	176	201	393	411
Burton [3]	Mine	8	11	13	32	32
Lenton [4]	Exploration	208	104	68	380	380
Yamala [5]	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	433
Woori	Exploration	42	67	–	109	84
Total		763	1,172	737	2,672	2,636

Notes on Resources:

1 New Hope Group Share is 100%.

2 New Hope Group Share is 80%. The Resource number includes 74 Mt of Underground Resource.

3 New Hope Group share is 90%.

4 New Hope Group share is 90%.

5 New Hope Group share is 70%.

All Coal Resource estimates are prepared and reported in accordance with the 2012 JORC Code.

Coal reserves

DEPOSIT	STATUS	COAL RESERVES AS AT 31 MAY 2020 (MILLION TONNES)						
		RECOVERABLE RESERVES				MARKETABLE RESERVES [4]		
		PROBABLE	PROVED	TOTAL 2020	TOTAL 2019	PROBABLE	PROVED	TOTAL 2020
New Acland [1]	Mine	121	249	370	370	66	136	202
Lenton [2]	Exploration	12	23	35	35	7	14	21
Elimatta	Exploration	26	93	119	125	16	64	80
Bengalla [3]	Mine	45	163	208	218	34	131	165
Taroom	Exploration	207	–	207	–	130	–	130
Total		411	528	939	748	253	345	598

Notes on Reserves:

1 240Mt of Recoverable Reserves require additional approvals beyond Acland Stage 3.

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

3 Figures shown are 100% of total Reserves. New Hope share is 80%.

4 Marketable Reserves are based on modelled washplant yields, and for operating mines have been correlated to reconciled data.

The Coal Resources and Reserves are as at 31 May 2020. The Company is not aware of any events occurring up to the reporting date of 31 July 2020 which will impact the reserves and resources as reported. Please see the New Hope Group website for the Coal Resource and Coal Reserve release including Table 1 details for all Coal Reserves and Resources dated 22 September 2020. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original publication.

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

- Coal Resources – Mr Sean Dixon, who is a full time employee of the Company;
- Coal Reserves – Mr Brett Domrow, who is a full time employee of the Company.

The above coal reserves and resources are the subject of a separate ASX announcement dated 22 September 2020.

Oil reserves and resources

	2020		2019	
RESERVES (NET)	1P	2P	1P	2P
Oil barrels (Mboe)	**1,336**	**4,386**	3,218	5,731
RESOURCES (NET)	1C	2C	1C	2C
Oil barrels (Mboe)	**7,910**	**12,675**	6,664	11,263

Notes:

1 Mboe = thousand barrels of oil equivalent. A conversion from gas volume to oil equivalent (at 6,000 scf/barrel of oil) was based on a standard industry metric.

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

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

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

5 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.

6 The reference points are at each field where crude oil is sold into a road tanker, except for North Surat where the reference point is Caltex in Brisbane and for Cuisinier and Naccowlah where the reference point is at the Moomba plant inlet.

7 Reserves reported include fuel consumed in operations at each field; totalling 117 1P and 562 2P Mbbls.

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

9 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 CO_2 miscible sweep.

The above oil reserves and resources are the subject of a separate ASX announcement dated 22 September 2020.

New Hope Group outlook

Bengalla begins the 2021 financial year nearing the completion of the dragline major mid-life shutdown. Total production for the coming year is expected to remain at record levels through continued operational improvements. Bengalla's positioning low on the cost curve will anchor the Company's resilience during this global economic downturn.

Queensland operations will continue to ramp down production volumes in the year ahead with Acland production constrained to mining remnant coal from Stage 2 operations in the absence of receiving Stage 3 approvals. The Company remains focused on securing all necessary approvals for New Acland Stage 3 to ensure continuity of operations and employment for the remaining workforce and contractors, along with QBH and broader community who rely upon the operation to support their families. Jeebropilly mine ceased operations in December 2019 once all economically viable coal had been extracted. Activities in West Moreton are now focused on final rehabilitation and optimising the value from the land portfolio.

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

Coal market fundamentals have deteriorated due to impacts of COVID-19 which has made for a challenging start to the year ahead. The short-term outlook for thermal coal demand is dependent on post pandemic economic and industrial recovery in our region. The mid to long-term outlook remains healthy as the need for industrial and domestic electricity generation remains strong based on future growth in Asia, New Hope's key export market.

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

Tax contribution report

The Group is pleased to present its Tax Contribution Report for the financial year ended 31 July 2020. The Group 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.

Our guiding principle in relation to taxation is to pay the right amount of tax at the appropriate time. We will comply with all tax obligations and engage in a constructive manner with the tax authorities.

Our business model and operations

The success of the Group's diversification in combination with its reputation for hard work and sensible management has seen the business grow to be an ASX 200 listed corporation from its regionally based history and having just under 900 people under management across its operations in Queensland and New South Wales. Our continued growth is founded on a long-term commitment to our employees, alongside a proactive approach to environment, community and social responsibility.

As outlined in the Sustainability Report, to be released later in the year, the Group's core values underpin the execution of the strategic vision and guide the decisions we make and the actions we take on a day to day basis. These principles are critical to the successful management of our tax affairs.

Key tax points

- New Hope Group's Effective Tax Rate for 2020 is 30.5% (2019: 31.6%).
- Corporate Tax for 2020 is $8.0 million (2019: $86.8 million).
- Tax and Government contributions in 2020 is $124.8 million (2019: $254.6 million).

Tax policy and governance

Approach to tax

Our approach to tax is aligned with our Code of Conduct and our long-term business strategy.

- New Hope acts to pay the right amount of tax, in the right place, at the right time.
- We comply with our legal obligations for tax, we file our tax returns on time with full disclosure of all relevant matters, and pay our taxes on time.
- The Group has a low risk threshold in respect of taxation matters.
- The Group's approach to tax compliance, governance and risk is focussed on people. A flat management structure and clear understanding of responsibilities by those involved in managing the tax affairs of the Group is key to successful tax management for the Group.

Tax governance

The Group's tax affairs are overseen by the Board of Directors who approve the overall tax strategy and appetite for tax related risk. Executive management are responsible for ensuring that resources are capable of accurately and effectively discharging all tax related obligations in line with the overall tax strategy. The executive team employs a number of finance personnel with relevant experience and engages external consultants when appropriate. The governance is managed within the Group's broader governance processes and our Corporate Governance Statement can be found at: www.newhopegroup.com.au/content/investors/corporate-governance.

We act in accordance with the Code of Conduct and our decisions are guided by the Core Values. These cultural principles, combined with the overall tax strategy and internal guidelines together provide a strong foundation for doing the right thing.

Tax strategy

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

- Effectively manage risk by application our approach to tax listed above;
- Observe all applicable laws, rules, regulations and disclosure requirements;
- Apply diligent professional care and judgment to arrive at well-supported conclusions;
- Develop and foster good working relationships with tax authorities, government bodies and other relevant parties; and
- Seek expert advice on any positions where tax law is unclear or subject to interpretation and ensure positions ultimately adopted are supportable and well documented.

Tax contribution report

Numerical reconciliation of accounting (loss)/profit to income tax (benefit)/expense

YEAR ENDED	2020 $000	2019 $000
(Loss)/profit before income tax	**(225,551)**	307,990
Income tax calculated at 30%	**(67,665)**	92,397
Tax Effect of amounts not deductible in calculating taxable income		
– Impairment of goodwill	**3,681**	–
– Non-deductible amounts from discontinued operations	**–**	66
– Other deductible amounts	**–**	4,493
– Sundry items	**18**	256
(Over)/Under provision provided in prior year	**(4,802)**	126
Income tax (benefit)/expense	**(68,768)**	97,338
– Effective Tax Rate	**30.5%**	31.6%

Reconciliation of income tax (benefit)/expense to tax (refundable)/payable

(Loss)/profit before income tax	**(225,551)**	307,990
Income tax calculated at 30%	**(67,665)**	92,397
Tax effected adjustments to taxable income:		
– Impairment of goodwill	**3,681**	–
– Other non-temporary items	**18**	322
Temporary differences:		
– Non-deductible impairment expense	**100,308**	–
– Other deductible amounts	**(28,339)**	(4,757)
– Tax losses utilised	**–**	(1,182)
Current tax liability	**8,003**	86,780
Tax refund 2019	**(77)**	–
– Tax instalments paid	**(23,705)**	(80,963)
Tax (refundable)/payable	**(15,779)**	5,817

REVENUE TAX LOSSES RECONCILIATION		
Opening Tax Losses Revenue	**–**	1,182
– Group losses – under/over	**–**	(40)
– Transferred losses utilised	**–**	(1,142)
Closing Tax Losses	**–**	–

Tax contributions summary

TAX CONTRIBUTIONS SUMMARY		
Corporate Tax	**8,003**	86,780
Corporate Tax – 2019 (refund)/2018 payable [1]	**(3,015)**	924
Mining Royalties [2]	**57,985**	62,065
Oil Royalties	**1,448**	2,031
Employee Taxes Withheld	**44,837**	40,297
Fringe Benefits Tax	**1,040**	1,654
Payroll Tax	**7,262**	7,476
Transfer Duty – Business Combination	**–**	42,327
Other Taxes, Rates and Levies	**11,756**	11,062
Total Tax Contributions	**129,316**	254,616

1 Amounts relate to current tax of prior periods resulting in additional tax (refundable)/payable. Prior year comparative restated to include this amount.

2 Mining Royalties includes amounts paid to third party landholders in line with State legislation requirements.

Financial summary

	2020 $000	2019 $000	RESTATED[1] 2018 $000	2017 $000
Total revenue	**1,083,918**	1,306,429	1,078,439	844,077
Earnings before interest, tax, depreciation and amortisation (before non regular items)[2]	**289,754**	517,061	465,484	283,118
Profit before tax (before non regular items)[2]	**119,504**	384,287	373,207	184,335
Profit after tax (before non regular items)[2]	**83,943**	268,487	261,245	128,713
(Loss)/profit from continuing operations before tax	**(225,551)**	307,770	267,613	202,213
Tax benefit/(expense) from continuing operations	**68,768**	(97,338)	(80,284)	(61,594)
(Loss)/profit from continuing operations after tax	**(156,783)**	210,432	187,329	140,619
(Loss)/profit before tax	**(225,551)**	307,990	213,812	202,213
Tax benefit/(expense)	**68,768**	(97,338)	(64,314)	(61,594)
(Loss)/profit after tax	**(156,783)**	210,652	149,498	140,619
Loss attributable to minority interests	**–**	–	–	(1)
Net (loss)/profit attributable to NHCL[3] members	**(156,783)**	210,652	149,498	140,620
Total assets employed	**2,545,636**	2,801,413	2,338,367	2,181,645
Shareholders' funds	**1,725,380**	1,961,012	1,888,400	1,853,428
Dividends paid during the financial year	**124,756**	133,002	99,738	49,864

	2020	2019	2018	2017
Weighted average shares on issue	**831,681,768**	831,261,875	831,141,985	831,067,979
Net (loss)/profit attributable to NHCL members (as a % of shareholders' funds)	**(9.1%)**	10.7%	7.9%	7.6%
Basic earnings per share before non regular items (cents)[2]	**10.0**	32.3	31.5	15.4
(Loss)/earnings per share (cents)	**(18.9)**	25.3	18.0	16.9
Normal dividends per share (cents)	**6.0**	17.0	14.0	10.0
Net tangible asset backing per share (cents)	**197.8**	224.3	220.2	215.9

1 Figures for the 2018 financial year were restated in 2019 to present the impacts of discontinued operations in the 2019 financial year.

2 Earnings before interest, tax, depreciation and amortisation (before non regular items), profit before tax (before non regular items), profit after tax (before non regular items) and the earnings per share before non regular items are not defined by IFRS and are non statutory measures. This non-IFRS information has not been audited by Deloitte.

3 New Hope Corporation Limited.

Directors' Report
for the year ended 31 July 2020

Directors

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

Mr R.D. Millner
Mr T.J. Barlow
Mr W.H. Grant
Mr T.C. Millner
Mr I.M. Williams
Mr S.O. Stephan was a Director until his resignation on 31 August 2020
Ms S.J. Palmer was a Director until her resignation on 25 November 2019
Ms. J.E. McGill was appointed Director on 22 June 2020

Consolidated results

	2020 $000	2019 $000	% CHANGE
Revenue from operations	**1,083,918**	1,306,429	-17%
Earnings before interest, tax, depreciation and amortisation (before non regular items) [1]	**289,754**	517,061	-44%
Profit before income tax (before non regular items) [2]	**119,504**	384,287	-69%
Recovery of prior period rail costs	**1,937**	–	
Jeebropilly rehabilitation	**9,463**	–	
New Acland ramp down costs	**(13,324)**	–	
QLD operations redundancies	**(7,103)**	(5,116)	
Liquidation related expenses	**14,058**	(21,675)	
Enterprise Resource Planning (ERP) system implementation costs	**(3,454)**	–	
Impairment of QLD coal mining assets	**(110,783)**	–	
Impairment of goodwill	**(12,271)**	–	
Impairment of coal exploration and evaluation assets	**(157,197)**	–	
Impairment of oil producing and exploration assets	**(66,381)**	–	
Acquisition costs expensed	**–**	(47,729)	
Establishment costs on guarantee facility	**–**	(4,367)	
Insurance proceeds from shiploader	**–**	2,370	
Gain on discontinued operation	**–**	220	
(Loss)/profit before income tax (after non regular items) [3]	**(225,551)**	307,990	-173%
Profit after income tax (before non regular items) [2]	**83,943**	268,487	-69%
Recovery of prior period rail costs	**1,356**	–	
Jeebropilly rehabilitation	**6,624**	–	
New Acland ramp down costs	**(9,327)**	–	
QLD operations redundancies	**(4,972)**	(3,581)	
Liquidation related expenses	**14,334**	(19,666)	
ERP system implementation costs	**(2,417)**	–	
Impairment of QLD coal mining assets	**(77,548)**	–	
Impairment of goodwill	**(12,271)**	–	
Impairment of coal exploration and evaluation assets	**(110,038)**	–	
Impairment of oil producing and exploration assets	**(46,467)**	–	
Acquisition costs expensed	**–**	(33,410)	
Establishment costs on guarantee facility	**–**	(3,057)	
Insurance proceeds from shiploader	**–**	1,659	
Gain on discontinued operation	**–**	220	
(Loss)/profit after income tax (after non regular items)	**(156,783)**	210,652	-174%
(Loss)/profit attributable to New Hope Shareholders	**(156,783)**	210,652	

1 Earnings before interest, tax, depreciation and amortisation is not defined by IFRS and is a non statutory measure. This non-IFRS information has not been audited by Deloitte.

2 Profit before income tax (before non regular items) and profit after income tax (before non regular items) are not defined by IFRS and are non statutory measures. This non-IFRS information has not been audited by Deloitte.

3 (Loss)/profit before income tax and after non regular items reconciles to the Statement of Comprehensive Income. The comparative figure includes an adjustment for the prior year profit from discontinued operations before tax as per note 24 of the financial statements.

Directors' Report

for the year ended 31 July 2020

Consolidated results

	2020 CENTS	2019 CENTS	% CHANGE
Basic earnings per share (cents) (before non regular items) [1]	**10.0**	32.3	-69%
Recovery of prior period rail costs	**0.2**	–	
Jeebropilly rehabilitation	**0.8**	–	
New Acland ramp down costs	**(1.1)**	–	
QLD operations redundancies	**(0.6)**	(0.4)	
Liquidation related expenses	**1.7**	(2.4)	
ERP implementation costs	**(0.3)**	–	
Impairment of QLD coal mining assets	**(9.3)**	–	
Impairment of coal exploration and evaluation assets	**(13.2)**	–	
Impairment of oil producing and exploration assets	**(5.6)**	–	
Impairment of goodwill	**(1.5)**	–	
Acquisition costs expensed	**–**	(4.0)	
Establishment costs on guarantee facility	**–**	(0.4)	
Insurance proceeds from shiploader	**–**	0.2	
Gain on discontinued operation	**–**	–	
Basic (loss)/earnings per share (cents) (after non regular items)	**(18.9)**	25.3	-175%

1 Basis earnings per share (before non regular items) is not defined by IFRS and is a non-statutory measures. This non-IFRS information has not been audited by Deloitte.

Principal activities

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

- Coal exploration and project development in Queensland;
- Coal extraction, processing, marketing and logistics in Queensland and New South Wales;
- Agriculture; and
- Oil and gas – exploration, development, production and processing.

	$000
Dividends paid to members during the financial year were:	
A final dividend for the year ended 31 July 2019 of 9.0 cents per share paid on 5 November 2019	**74,854**
An interim dividend for the year ended 31 July 2020 of 6.0 cents per share paid on 5 May 2020	**49,902**

The Company is focused on investment in key capital programs (major mid-life shut of the dragline at Bengalla) to underpin the future of its operations and ensure sustainable long-term shareholder returns. In order to fund this investment and in light of the difficult global economic conditions as a result of COVID-19, the Directors will not be declaring a final dividend. Total dividends paid to shareholders of New Hope for the year were 6.0 cents per share, being interim dividend payments, compared with total dividends for the 2019 year of 17.0 cents per share.

The Company remains focused on health and safety with a decrease in recordable injuries and high potential incidents, achieving marked improvements from the last year on these metrics. Sites continue to ensure that safety initiatives (lead indicators) are part of the health and safety management system, which supports hazard identification and implementation of effective controls such as personal risk management (PRM) tools and safety interactions.

Directors' Report

for the year ended 31 July 2020

Operating and financial review

A review of the Group's operations during the year and the results of those operations is set on pages 6 to 17 of this Annual Report. These pages also deal with the Group's operations, financial position and prospects for future financial years.

Risk management

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

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

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

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

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Safety	The nature of the Company's operations comes with an inherent risk of accidents which have the potential to cause harm to individuals.	New Hope seeks to continuously reduce the frequency of harmful incidents. Key performance indicators are designed to measure safety performance and targets are set to prevent harm and promote wellbeing. Performance in relation to those measures and targets is monitored at all levels of the organisation up to and including the Board of Directors.	These risks are proactively managed using comprehensive safety management systems as well as a continual focus on a strong safety culture.
Social licence	A number of stakeholders have an interest in the impact our operations have on the surrounding environment and the communities in which we operate. In addition, the Company is subject to stringent regulation and reporting obligations spanning multiple government jurisdictions and departments. Failure to adequately acknowledge and address the interests of these stakeholders could negatively impact the operations of the Company and potentially result in an inability to secure, maintain or renew the regulatory approvals required to continue the operations of the Company.	New Hope has developed valuable and longstanding relationships with all key stakeholder groups and is well respected in the areas that we operate. Many of these stakeholder groups independently advocate on behalf of the Company which is a critical component in developing relationships in new areas of operation or with emerging stakeholder groups.	The Company engages appropriately qualified experts to both manage the underlying risks and to engage proactively with stakeholder groups. The Company also utilises a variety of systems to manage and report upon the company's performance against those obligations.

Directors' Report

for the year ended 31 July 2020

Risk management (continued)

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
NAC03 approval	There is a risk that approvals for the NAC03 expansion are not obtained. These approvals are critical to ensure operations continue beyond Stage 2 as reserves on the existing lease are depleted. Risks associated with prolonged approval delays or an inability 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.	Obtaining the necessary approvals for the NAC03 project will secure employment for the existing workforce, provide continuing economic stimulus to the local community and deliver value to shareholders.	The Company has engaged appropriately qualified experts to both manage the underlying risks and to engage proactively with stakeholder groups. The Company also utilises a variety of systems to manage and report upon the Company's performance against those obligations. Detailed impairment assessments for the assets have been undertaken as detailed in note 13 to the financial statements. Strategies have been adopted to extend the life of Stage 2 to ensure supplier and customer commitments are appropriately managed while approvals continue to be pursued.
Project development	The Company's ongoing economic sustainability is dependent on successful identification and development of projects. Failure to do so effectively will limit the businesses' longevity.	New Hope actively seeks to identify potential opportunities that offer the prospect of building shareholder value. New Hope also acknowledges that sustainable long-term value creation can only be achieved by respecting and delivering positive outcomes for the broader stakeholder community.	The Company is actively pursuing growth through both development of existing assets and the acquisition of complimentary assets. Such activities will ultimately require the deployment of significant capital. To ensure that capital is deployed in an optimal manner, the Company undertakes rigorous and well documented due diligence using a mix of internal and external subject matter experts prior to making any investment decisions. All significant project development and acquisition transactions require approval from the Board of Directors.
Bengalla Joint Venture	From 1 December 2018, the Company has assumed a more active role in the direct management of day to day activities for the Bengalla Mine. The Bengalla mine faces many of the same risks as the New Acland and Jeebropilly mining operations. Bengalla mine management is charged with discharging these duties day to day with the Company providing oversight and governance via participation in the Bengalla Joint Venture management committee and by monitoring operational performance.	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 groups overall risk management strategy.	The Company engages with the Bengalla management team on an ongoing basis with the aim to identify, monitor, mitigate and actively manage risks, not only unique to Bengalla, but also risks common to New Acland and Jeebropilly.

Directors' Report

for the year ended 31 July 2020

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Failure of infrastructure	The Company is highly dependent upon the availability and effectiveness of key infrastructure in order to produce and bring products to market.	Monitoring and early identification of potential failures will improve productivity and performance outcomes for the Company. There is ongoing effort to identify opportunities and adopt processes that will reduce infrastructure failure, or reduce the cost to the Company in the event that a failure does occur.	The Company undertakes timely and effective preventative maintenance as well as regular third party inspections of key infrastructure to minimise the risk of unforeseen failure. The Company also actively participates in a comprehensive insurance program to ensure assets are insured for appropriate value.
Market forces	The Group's activities expose it to a variety of financial risks including but not limited to commodity price risk, foreign currency risk and interest rate risk.	Opportunities exist to refine the existing policies for commodity price hedging and foreign exchange hedging such as investigating the use of different hedging instruments or the level of cover that is taken. The Company also has the ability to consider active management of any interest rate and commodity price exposures.	The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge risk exposures associated with fluctuations in foreign exchange rates and has commenced an initial trial program to assess the appropriateness of coal price commodity hedging.

Climate change

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Policy risk Domestic and international policy actions around climate change continue to evolve.	Changes in government regulations in Australia which restrict the use of coal, or the use of land for coal mining, could impact the ability of the Group to develop new coal projects, or to extend the life of existing projects. The introduction of new and/or more stringent carbon pricing mechanisms, both within Australia as well as key coal importing countries, may reduce the cost competitiveness of coal as an energy source. Changes in government policy relating to either coal consumption or energy generation in large Asian economies such as China, Japan and India could impact the longer term outlook for global coal demand. Global political disputes or policy positions may restrict the ability to export or import coal from certain ports or through certain shipping channels. Changes in government policy which increase the cost of land rehabilitation requirements and bring forward the timing of various rehabilitation obligations.	As the global economy transitions towards lower emission energy sources, it is likely there will be an ongoing demand for high quality thermal coal to supply High Efficiency Low Emissions (HELE) coal fired power stations in order to generate affordable base load power. The Group's high quality thermal coal reserves are ideally placed to meet that demand. New Hope's Bengalla Mine has existing approvals that extend to 2039, enabling New Hope to avoid potentially lengthy and costly mine extension approvals. New Hope has long standing experience with undertaking progressive rehabilitation at its sites in Queensland. There is an opportunity to leverage this expertise across the Group's other operations to effectively manage any changes to rehabilitation obligations.	Ongoing demand for the Group's high quality thermal coal is anticipated to underpin the Group's revenues in the short to medium term. Changes in the longer term global coal demand outlook could have an impact on the Group's future coal revenues and the recoverability of undeveloped coal reserve assets. The financial impact of any future policy changes will depend on the nature and timing of those changes. Note 10 Property, Plant and Equipment, Note 12 Exploration and Evaluation and Note 14 Provisions have identified specific financial risks associated with policy risk. The Group will continue to proactively monitor the policy environment both domestically and internationally and take appropriate steps to manage, maximise opportunities and mitigate risks associated with policy changes.

Climate change (continued)

RISK CATEGORY	POTENTIAL RISKS	POTENTIAL OPPORTUNITIES	APPLICATION TO NEW HOPE
Legal risk Increased litigation from shareholders, insurers and activist organisations against governments and companies, either seeking compensation for damages caused to them because of climate change impacts or to force greater action on climate change.	The group could incur increased costs associated with defending legal claims related to coal mining operations or when seeking project approvals. Land rehabilitation requirements, both from a timing and cost perspective, may increase. Refer to Policy Risk discussion.	The Group has a strong, long standing reputation for operating in a responsible and respectful way. This includes the support of the communities in which we operate, and an excellent track record of regulatory compliance. This strong reputation will enable the Group to distinguish itself as an "operator of choice" for both current and future projects.	The recoverability of undeveloped coal reserve assets will be underpinned by the ability of the Group to secure and maintain necessary project approvals. Note 13 of the financial statements specifically considers the assessment of impairment for the QLD mining CGU which has been triggered by indicators of impairment arising from the delays in securing necessary approvals for the mine extension.
Technology risk Technological improvements or innovations that support the transition to a lower-carbon economy will affect the competitiveness of certain organisations, their production and distribution costs, and ultimately the demand for their products and services from end users.	Demand for coal could be impacted if future improvements in the efficiency, affordability, and reliability of alternative energy sources and battery storage solutions occur at a faster pace than similar improvements in the thermal coal industry.	The continued development of HELE coal fired power stations (and other clean coal technology) underpin the demand for the Group's high quality thermal coal assets. Additional details of these technologies and opportunities will be considered in the Group's Sustainability Report to be released later this year. There is an opportunity for the Group to leverage its existing innovative capabilities to derive further cost efficiencies from emerging developments in energy-efficient mining equipment.	The timing of technology development and deployment is a key uncertainty in assessing the financial implications of technology risk. The financial implications of technology risk, as they relate to coal demand, are similar to those noted above for policy risk. The Group will continue to monitor developments that have application to the mining and broader energy industries and invest in new technologies where they deliver an acceptable return on investment.
Market risk Markets could be affected by the transition to a lower carbon global economy through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.	Demand for thermal coal could be impacted if alternative energy sources become more competitive and reliable, relative to thermal coal as an energy source. The number and mix of market participants could lead to increased volatility in the supply and pricing of thermal coal.	There is an opportunity for the Group to leverage the anticipated sustained demand for high quality thermal coal as part of a diversified energy portfolio. The role of the Group's high quality thermal coal and its position in the market will be outlined further in the Sustainability Report to be released later this year. Pressure from external stakeholders could see some producers exit the thermal coal industry with a resultant reduction in supply and increase in pricing for remaining industry participants.	The Group will continue to work closely with its key customers to ensure it is well positioned to meet the demand for high quality thermal coal. The Group will proactively monitor the market environment and take appropriate steps to manage the impact of any shifts in supply and demand for thermal coal.

Directors' Report

for the year ended 31 July 2020

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

Directors' Report
for the year ended 31 July 2020

Insurance of officers

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

Proceedings on behalf of the Corporation

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

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

Significant changes in the state of affairs

The coal mining industry has a history of cyclical pricing based on global coal indices creating more and less favourable conditions. The current global economic conditions driven primarily by the COVID-19 pandemic have created less favourable conditions. 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 parent entity, to affect substantially the operations or results of the consolidated entity in subsequent financial years.

Matters subsequent to the end of the financial year

No events have occurred since 31 July 2020, which would require disclosure in the financial report.

Likely developments and expected results of operations

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

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

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

Corporate Governance statement

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

Work place compliance

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

Directors' Report
for the year ended 31 July 2020

Sustainability

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

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

The Group have developed a framework for guiding its strategy and disclosure regarding the sustainability of its operations including managing potential risks posed by changes to the external environment from a physical, policy, legal, market demand, reputational and technological perspective and has considered the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations as part of establishing its strategy and framework. A review of peer disclosures and a stakeholder engagement program was undertaken in the 2020 financial year to guide material topics for sustainability disclosures.

The Group will release further information in a separate Sustainability Report later this year.

Environmental compliance

During the 2020 financial year, the Group did not receive any Penalty Infringement Notices and was not prosecuted for any breach of environmental laws.

Environmental performance

The Company's businesses include coal mining operations and exploration activities in Queensland and New South Wales (NSW), the QBH coal export port facility and oil and gas operations and exploration activities in Queensland.

The key pieces of Queensland environmental legislation are the *Environmental Protection Act 1994*, the *Water Act 2000*, and the *Nature Conservation Act 1992*. Principal environmental legislation in NSW includes the *Environmental Planning and Assessment Act 1979*, *Protection of the Environment Operations Act 1997* and the *Water Management Act 2000*.

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

The Group's operations continue to undertake proactive initiatives to improve their environmental performance.

The New Acland Operations implemented noise and air quality management systems that uses predictive forecasting and real-time monitoring data to guide the day to day planning of mining operations and the implementation of both proactive and reactive mitigation measures to manage noise and air quality impacts.

During the year the Bengalla operations commenced the High Density Woody Vegetation Plan to enhance existing rehabilitated areas and rehabilitate new areas. 17,000 trees were planted over 12.8Ha. The implementation of this plan will continue to 2024.

Environmental systems

During the reporting period the Group began a three year process to develop and implement a combined Health, Safety and Environmental (HSE) Management System. This system will enable the Group's operations to effectively manage their HSE performance by understanding and mitigating risk, complying with legal responsibilities, monitoring and auditing HSE processes and operational controls and facilitating continuous improvement.

Environmental reporting

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

For the purposes of National Greenhouse and Energy Reporting the Company reports as part of the corporate group of Washington H. Soul Pattinson and Company Limited with the Bengalla Mine reporting through the operator currently Bengalla Mining Company Pty Ltd.

Directors' Report

for the year ended 31 July 2020

Information on Directors

MR R.D. MILLNER (NON-EXECUTIVE CHAIRMAN)

Experience

Mr Millner is Chairman of the Company's holding company, Washington H. Soul Pattinson and Company Limited. Mr Millner joined the Board of New Hope Corporation Limited on 1 December 1995 and was appointed Chairman in 1998. He has extensive experience in the investment industry.

Other current listed Directorships

Washington H. Soul Pattinson and Company Limited
Appointed 1984
Chairman since 1998

Apex Healthcare Berhad
Appointed 2000

BKI Investment Company Limited
Appointed 2003
Chairman since 2003

Brickworks Limited
Appointed 1997
Chairman since 1999

Milton Corporation Limited
Appointed 1998
Chairman since 2002

TPG Telecom Limited
Appointed 2000

TUAS Limited
Appointed 30 June 2020

Former listed Directorships in last three years

Hunter Hall Global Value Limited
Appointed as an interim Director April 2017
Resigned June 2017

Australian Pharmaceutical Industries Limited
Appointed 2000
Resigned 9 July 2020

Special responsibilities

Chairman of the Board

Interests in shares and options

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)

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

MR T.J. BARLOW – BBUS, LLB (HONS) (NON-EXECUTIVE DIRECTOR)

Experience

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.

Other current listed Directorships

Washington H. Soul Pattinson and Company Limited
Appointed 2015

Palla Pharma Limited
Appointed 2015

Former listed Directorships in last three years

PM Capital Asian Opportunities Fund Limited
Appointed 2015
Resigned 2017

Special responsibilities

Chair of the Nomination Committee, Member of the Human Resources and Remuneration Committee and Member of the Audit and Risk Committee

Interests in shares and options

19,900 ordinary shares in New Hope Corporation Limited

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

Directors' Report

for the year ended 31 July 2020

MR W.H. GRANT OAM – FAICD, ALGA (NON-EXECUTIVE DIRECTOR)

Experience

Mr Grant has over 35 years' experience in project management, corporate and fiscal governance, local government administration and strategic planning. He joined the Board of New Hope Corporation Limited on 25 May 2006. Mr Grant was the Chief Executive Officer of South Bank Corporation in Brisbane from 1997 to 2005 and General Manager/Chief Executive Officer of the Newcastle City Council from 1992 to 1997. He retired as Chairman of Brisbane Airport Corporation in 2017 after almost 10 years.

Other current listed Directorships

Nil

Former listed Directorships in last three years

Nil

Special responsibilities

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

Interests in shares and options

30,000 ordinary shares in New Hope Corporation Limited

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

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

Experience

Mr Millner joined the Board of New Hope Corporation Limited on 16 December 2015. He is Director and Co-Portfolio Manager of Contact Asset Management. He is also a Non-Executive Director of Washington H. Soul Pattinson and Company Limited (SOL:ASX). Mr Millner's experience includes 18 years within the financial services industry, including 16 years in active portfolio management of Australian equities; nine years' as a Chief Executive Officer of an Australian publicly listed company, BKI Investment Company Limited (BKI:ASX); and nine 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.

Other current listed Directorships

Washington H. Soul Pattinson and Company Limited
Appointed 2011

Former listed Directorships in last three years

Nil

Special responsibilities

Nil

Interests in shares and options

3,994,368 ordinary shares in New Hope Corporation Limited (comprising 21,153 directly held shares and 3,973,215 shares held through family related interests)

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

MR I.M. WILLIAMS – BEC, LLB (NON-EXECUTIVE DIRECTOR)

Experience

As a legal and strategic adviser to International investors in the energy and resources sectors, Mr Williams has been involved in every aspect of the Australian coal industry over the last 25 years. Mr Williams was appointed to the New Hope Corporation Limited Board on 1 November 2012.

Other current listed Directorships

Nil

Former listed Directorships in last three years

Nil

Special responsibilities

Acting Chair of the Audit and Risk Committee, Member of the Human Resources and Remuneration Committee, Member of Nomination Committee and Non-Executive Director New Hope Japan KK

Interests in shares and options

38,087 ordinary shares in New Hope Corporation Limited

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

Information on Directors (continued)

MS JACQUELINE MCGILL AO – BSC, MBA, GAICD (NON-EXECUTIVE DIRECTOR)

Experience

Ms Jacqueline McGill AO was appointed as a Non-Executive Director of the Company on 22 June 2020. Jacqueline is a highly accomplished Executive and Non-Executive Director with broad strategic and deep operational leadership across a range of sectors.

She is Chair of TAFE South Australia, Member of South Australian Premier's Economic Advisory Council, Director of Royal Automobile Association of South Australia and Non-Executive Director at South Australian Art Gallery. She has previously held Non-Executive Director roles with a range of logistics and infrastructure organisations, and she was Vice President of the South Australian Chamber of Mines and Energy. During her executive career she held senior leadership roles with BHP including leadership of BHP Mitsui Coal and Olympic Dam Corporation.

Other current listed Directorships

Nil

Former listed Directorships in last three years

Nil

Special responsibilities

Member of the Audit and Risk Committee and Member of the Human Resources and Remuneration Committee.

Interests in shares and options

Nil ordinary shares in New Hope Corporation Limited

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

MR S.O. STEPHAN – BBUS (DIST), MBA (AGSM), MAUSIMM (MANAGING DIRECTOR UNTIL 31 AUGUST 2020)

Experience

Mr Stephan has over 30 years' experience in the coal mining industry including senior line management roles, experience as a District Inspector of Mines in Queensland and as a member of the Coal Industry Health and Safety Advisory Council. He has also held executive roles in the corporate finance division of an investment bank. He commenced with New Hope as Chief Financial Officer in 2009. He was appointed Chief Executive Officer on 1 February 2014 and Managing Director on 20 November 2014. Shane retired on 31 August 2020.

Other current listed Directorships

Nil

Former listed Directorships in last three years

Nil

Special responsibilities

Chief Executive Officer, appointed 1 February 2014 and retired 31 August 2020, Managing Director, Appointed 20 November 2014 and retired 31 August 2020.

Interests in shares and options

921,234 ordinary shares in New Hope Corporation Limited (comprising 896,234 held directly and 25,000 ordinary shares held by Family related interests)

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

Directors' Report

for the year ended 31 July 2020

MS S.J. PALMER – BCOM, CA, FAICD (NON-EXECUTIVE DIRECTOR UNTIL 25 NOVEMBER 2019)

Experience

Ms Palmer is a Chartered Accountant with over 30 years' experience in the financial and resources fields. Her expertise extends to all aspects of accounting, finance, financial reporting, risk management and corporate governance. Sue was formerly Chief Financial Officer and Executive Director with Thiess Pty Ltd. Ms Palmer was appointed as a Non-Executive Director to the New Hope Corporation Limited Board on 1 November 2012 and resigned on 25 November 2019.

Other current listed Directorships

Charter Hall Retail REIT
Appointed 2015

Qube Holdings Ltd
Appointed 2017

Former listed Directorships in last three years

RCR Tomlinson Ltd

Special responsibilities

Former Chair of the Audit and Risk Committee

Interests in shares and options

15,000 ordinary shares in New Hope Corporation Limited

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

Company Secretary

MS J. S. MOODY – B.BUS (DIST.), LLB (HONS), GRAD. DIP. LEGAL PRACTICE, GAICD, FGIA

Ms Janelle 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 has extensive legal experience and has specialised in the area of corporate and commercial matters for the resources industry for over 20 years. Prior to joining New Hope Corporation Limited, Janelle was running her own legal practice, and has previously been a Partner in the law firm McCullough Robertson. She leads the Company's in-house legal team and continues in her role as Company Secretary and Joint Venture Manager for the Company's interests in the Bengalla Joint Venture, Lenton Joint Venture and Yamala Joint Venture. She holds a Bachelor of Business – Accountancy (Distinction), a Bachelor of Laws (Honours) and a Graduate Diploma in Legal Practice. Janelle is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Letter from the Chair of the Human Resources and Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors, the Human Resources and Remuneration Committee (HRRC) is pleased to present the Remuneration Report for the financial year ended 31 July 2020. The report outlines the nature and amount of remuneration for New Hope Corporation Limited's (New Hope or the Company) Non-Executive Directors, Executive Director and other Key Management Personnel (collectively the KMP).

During the 2020 financial year the Committee has reviewed the Company's remuneration policies, practices and disclosure in the interests of all stakeholders. We recognise that executive remuneration is a key focus for investors. We have continued to improve our disclosures in this year's Remuneration Report to improve transparency in how we determine executive remuneration outcomes, in particular the variable pay components. This report provides shareholders with insights into the remuneration governance, policies, procedures and practices being applied, so that informed judgements can be made in relation to the Remuneration Report at the upcoming Annual General Meeting (AGM).

The Company's objective in the design of its executive remuneration policy is to attract, motivate and retain a talented executive team to lead the business and deliver long-term performance goals. As New Hope approaches the milestone of being in business for seventy years, the Board and executive have refreshed the Company's Vision, Purpose and Values to enable our business to prosper in an ever-changing world.

The Company's performance over the past 12 months can best be described as a year of two distinct halves. Whilst the Company achieved good financial performance in the first half, the second half financial performance was negatively impacted by a materially lower AUD coal price. The COVID-19 global pandemic induced shutdowns disrupted demand for electricity and therefore demand for thermal coal in our key markets in Asia. During the second half year the Company responded to these unprecedented challenges quickly through the introduction of systematic control measures at our production sites and was thereby able to reliably continue supplying our customers.

While the targets set in 2019 could not anticipate the impact of the global pandemic, the Board has actively considered the exercise of its discretion in relation to remuneration outcomes in these uncertain times. The Board and Executive has reviewed the variable pay framework and determined to forgo short-term incentive payments to the Executive for this financial year which would normally have been paid during October 2020. In addition, the Board and Executive has introduced a temporary reduction of 10% in remuneration and hours in relation to the Executive and corporate office effective 1 July 2020 for a period of three to six months. A review was also undertaken of the workforce requirements resulting in a 12.5% reduction in corporate office employees. The Board believes these decisions are reasonable and appropriate for all stakeholders.

Director's fees were reviewed during 2020 and no increases were made effective 1 January 2020. Furthermore, the Directors fees were reduced effective 1 July 2020 in response to the general economic climate and resulting impact on the Company's financial performance for this financial year. The membership of the Board also changed during the year with Ms Sue Palmer resigning from her position as an Independent Non-Executive Director after more than seven years of service. The Board is pleased to welcome Ms Jacqueline McGill to the Company as an Independent Non-Executive Director who joined the Board from 22 June 2020. Ms McGill has extensive experience as an Executive and Non-Executive Director. She was awarded an Order of Australia (AO) in 2020 for distinguished service to the minerals and mining sector and to gender equality and workplace diversity.

Changes to the fixed remuneration increases for the Executive KMP (including the Chief Executive Officer and Managing Director) occurred during the financial year 2020, with an increase of 2.98% which took effect from 1 January 2020. During May 2020 the Company announced the retirement of Chief Executive Officer and Managing Director, Shane Stephan effective 31 August 2020 after 11 years with New Hope. Reinhold Schmidt commenced with the Company on 3 August 2020 and was officially appointed CEO from 1 September 2020 after a period of transition. His appointment followed the completion of a comprehensive selection process undertaken with the assistance of an independent executive search firm.

The Board intends to introduce a new short-term incentive policy for the upcoming 2021 year and will continue to consider what further improvements to remuneration governance, policies, procedures and practices could be made. Future Remuneration Reports will provide updates ensuring that remuneration continues to evolve in line with prevailing market conditions, relevant best practice and evolving stakeholder expectations. Given the financial results for the 2020 year, the Board is satisfied there is an appropriate link between Company performance and KMP remuneration. The Board is confident that the Company's remuneration policies continue to support its financial and strategic goals.

The Board is committed to transparency, welcomes feedback in relation to this report and is committed to engaging with all stakeholders on these matters. The Committee trust that you find this report informative and we look forward to receiving your support for the resolution approving this report at the 2020 AGM.

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

Directors' Report

for the year ended 31 July 2020

Remuneration report

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

Persons addressed and scope of the remuneration report

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

NAME	POSITIONS HELD	COMMENCEMENT DATE
Directors		
Mr R.D. Millner	Non-Executive Director	1-Dec-95
	Chair	27-Nov-98
Mr T.J. Barlow	Non-Executive Director	22-Apr-15
	Chair of the Nomination Committee	
Mr W.H. Grant	Independent Non-Executive Director	25-May-06
	Chair of the Human Resources and Remuneration Committee	15-Nov-07
	Chair of Controlled Subsidiary	17-Mar-14
Ms J.E. McGill	Independent Non-Executive Director	22-Jun-20
Mr T.C. Millner	Non-Executive Director	16-Dec-15
Ms S.J. Palmer [1]	Independent Non-Executive Director	1-Nov-12
	Chair of the Audit and Risk Committee	
Mr I.M. Williams	Independent Non-Executive Director	1-Nov-12
	Acting Chair of the Audit and Risk Committee	25-Nov-19
	Non-Executive Director of Controlled Subsidiary	02-Sep-19
Executive KMP		
Mr S.O. Stephan [2]	Managing Director (MD) Chief Executive Officer (CEO)	20-Nov-14
Mr A.L. Boyd	Chief Operating Officer (COO)	19-Dec-15
Mr M.J. Busch [3]	Chief Financial Officer (CFO)	1-Feb-14
Mr B.C. Armitage	Chief Development Officer (CDO)	1-Feb-19

1 Ms S.J. Palmer ceased as a Director on 25 November 2019.

2 Mr S.O. Stephan employment ceased on 31 August 2020. Mr R.H. Schmidt has been appointed as the new CEO effective 1 September 2020.

3 Mr M.J. Busch's employment ceases on 12 October 2020. An acting CFO, Mr R.J. Bishop has been appointed for an interim period from 20 July 2020 to 31 January 2021 and will be a KMP from 1 August 2020.

Remuneration report (continued)

Remuneration governance

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

The Board maintains overall responsibility for the remuneration of the KMP and is responsible for ensuring the structures are competitive and aligned with the longer-term interests of the Company and shareholders. While the Board maintains overall responsibility and approval for the KMP remuneration, it delegates oversight to the HRRC to review, report and make recommendations to the Board in relation to remuneration.

The HRRC has a formal Charter and comprises Mr Grant (Chair), Mr Barlow and Mr Williams and meet four times a year to discuss and review remuneration and people related matters. Specifically, the HRRC is responsible for reviewing and setting the remuneration framework, policies and arrangements for Directors and Executives on an annual basis. Further information regarding the HRRC's Charter including role, membership requirements and responsibilities can be viewed on the Company's website www.newhopegroup.com.au.

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

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

No remuneration recommendations were received in the 2020 financial year as defined by the *Corporations Act 2001*.

Securities trading policy

The Trading in Company Securities Policy applies to all Directors, employees, contractors and consultants of the Group. The Policy sets out the guidelines for dealing in any type of Company Securities and summarises the law relating to insider trading which applies to everyone. Additional restrictions and obligations apply to Restricted Personnel who are:

- KMPs;
- Any member of the Executive Leadership Team;
- Any employee or consultant of the Group who works in the Finance team, the Legal team, or the Corporate Development team;
- Any employee or consultant of the Group designated by the Chair of the Board or the Chief Executive Officer of the Company as a person to whom the policy applies and who has been notified of that designation by the Company Secretary;
- Any executive assistant to any of the above; and
- Spouses, minor children and any companies or trusts that any of the above people control or have an interest in.

Under the policy trading is prohibited by Restricted Personnel unless:

- During a "trading window" determined by the Board from time to time which is generally six weeks from the day after the announcement of the Company's half year and full year results; or
- With the relevant approval required by the Policy.

Trading is prohibited:

- At any time while being in the possession of price sensitive information that is not generally available; and
- For short-term or speculative gain.

KMPs must notify the Company Secretary of their trading within 24 hours after the transaction. Personnel are prohibited from entering into margin loans or products which operate to limit the financial risk associated with holding the securities (e.g. hedging arrangements).

Directors' Report

for the year ended 31 July 2020

Employment contracts

The agreements with the Executive KMP detail the individual terms and conditions of employment applying to the Executive KMP. They provide for a cash salary, superannuation and motor vehicle allowance, details of which are provided elsewhere in 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 [1]	BASE REMUNERATION PLUS SUPERANNUATION [2]	TERMINATION PAYMENTS [3]
Mr S.O. Stephan	No fixed term. 6 months' notice period.	$1,500,000	6 months' base remuneration
Mr A.L. Boyd	No fixed term. 3 months' notice period.	$851,160	3 months' base remuneration
Mr M.J. Busch	No fixed term. 3 months' notice period.	$652,740	3 months' base remuneration
Mr B.C. Armitage	No fixed term. 3 months' notice period.	$616,000	3 months' base remuneration

1 This notice applies equally to all parties.

2 Fixed remuneration quoted is current as at 31 July 2020; they are reviewed annually by the HRRC.

3 Base salary payable if the Company terminates the above employees 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.

Remuneration structure – Non-Executive Directors

Remuneration of Non-Executive Directors is determined by the Board with reference to market rates for comparable companies and reflective of the responsibilities and commitment required of the Director. In recognition of the unprecedented events of COVID-19 and the impacts on the Company, the Board determined to reduce the fees payable to Non-Executive Directors effective 1 July 2020. As such the table below lists the changes to the fees against the previous period. Shareholders have the opportunity to provide feedback to the Company in respect of remuneration of Non-Executive Directors each year via their consideration of the Remuneration Report at the Company's AGM.

Non-Executive Directors are paid within an aggregate fee limit which is approved by shareholders. The current limit is $1,750,000 and was approved by shareholders on 15 November 2012. In the 2020 financial year, the aggregate amount expended for Non-Executive Directors remuneration was at 81% of this limit, which increased slightly on previous year due to Directors fees in relation to Controlled Subsidiaries. The Board will not seek an increase to the aggregate fee pool limit at the 2020 AGM.

Non-Executive Directors are paid a fixed annual fee (inclusive of superannuation where relevant). The fees payable to Non-Executive Directors in financial year 2020 are inclusive of superannuation and did not increase from the previous year. Non-Executive Directors receive fees only and do not participate in any performance-related incentive awards. Non-Executive Directors do not receive retirement benefits.

Non-Executive Director fees currently consist of base fees for the Chair and Non-Executive Directors and fees for the Chairs of the Human Resources and Remuneration Committee and Audit and Risk Committee. The Board intends to introduce fees for committee members of these two committees for the upcoming 2021 year. The payment of committee fees recognises the additional time commitment required by Non-Executive Directors who serve on Board committees. Effective 1 July 2020, the applicable fees will be as follows:

Directors' Report

for the year ended 31 July 2020

Remuneration report (continued)

Remuneration structure – Non-Executive Directors (continued)

APPOINTMENT	PREVIOUS FEES PAYABLE $	FEES PAYABLE 1 JULY 2020 $
Chair	328,364	**240,900**
Non-Executive Directors	155,308	**142,350**
Chair of the Human Resources and Remuneration Committee	17,256	**17,256**
Chair of the Audit and Risk Committee	54,750	**54,750**
Chair of Controlled Subsidiary	47,141	**47,141**
Non-Executive Director of Controlled Subsidiary	32,850	**32,850**
Member of the Human Resources and Remuneration Committee	–	**10,950**
Member of the Audit and Risk Committee	–	**10,950**

Non-Executive Directors may trade and hold equity investments in the Company in accordance with the Trading in Company Securities Policy which is available from the Company website. Non-Executive Directors are eligible to participate in the Company's equity plans, however at present Non-Executive Directors do not receive shares, share options or any performance related incentives as part of their fees from the Company.

When required to travel for Board meetings the Directors seek to minimise company travel costs and utilise video conferencing technology on occasion. Furthermore, Board meetings are often scheduled to coincide with Company events and tours of the mine sites which provide the Board with the opportunity to engage with employees and the Operations.

Remuneration structure – Executive KMP

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

Our Vision: Energising our People, Communities and Customers.

Our Purpose: To deliver long-term shareholder value through responsible investment, marketing and asset management.

OUR CORE VALUES

INTEGRITY	RESPECT	ACCOUNTABILITY	WELLBEING	RESILIENCE	COLLABORATION
We are ethical, honest and can be trusted to do the right thing	We listen and treat others as we expect to be treated	We are empowered and accountable for our actions	We all seek to prevent harm, promote safety and enhance health	We are adaptable and see opportunity in change	We work together and focus on the best outcome

THE COMPANY'S REMUNERATION OBJECTIVES

Attract quality Directors and Executives	Deliver the Group's short-term objectives	Deliver sustainable and long-term shareholder value	Aligned to the Company's Vision, Purpose and Core Values

Directors' Report

for the year ended 31 July 2020

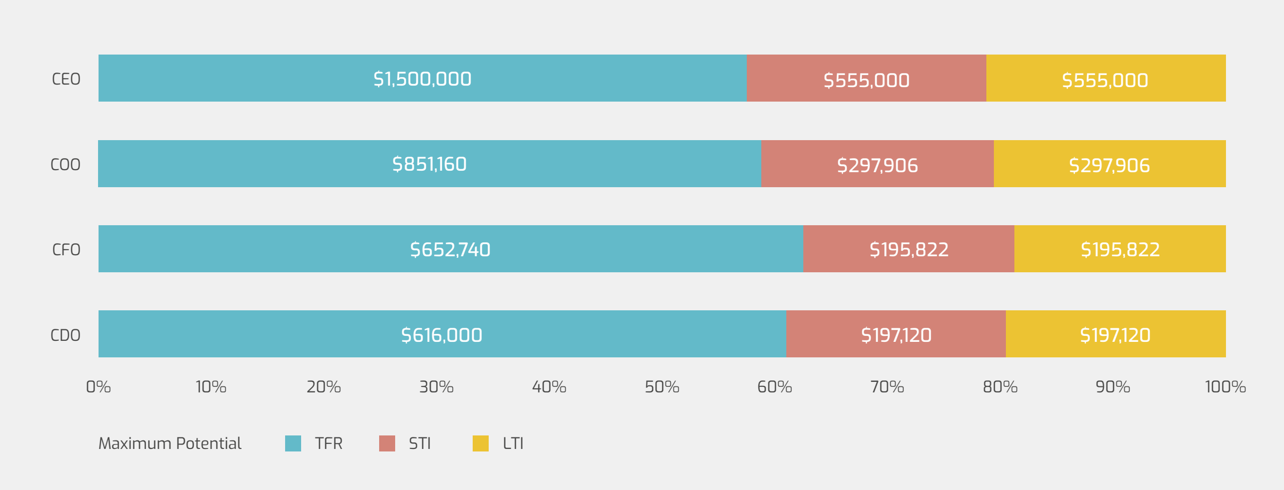
The following table summarises the Company's policy regarding Executive KMP remuneration and how it is intended to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company, its business strategy and in line with good governance:

	EXECUTIVE KMP REMUNERATION COMPONENTS		
	TOTAL FIXED REMUNERATION (TFR)	SHORT-TERM INCENTIVE (STI)	LONG-TERM INCENTIVE (LTI)
Purpose	To attract, motivate and retain Executive KMP with the appropriate skills and capabilities in order 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. Focus the attention of the Executive KMP on delivering against short-term goals that underpin the success of the Company.	Create a strong link between performance and reward over the long-term. 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.
Link to performance	Motivation to drive a strong and positive culture and deliver on the business strategy.	Strategic annual objectives embedded in each Executive KMP's personalised scorecard of KPIs.	Performance hurdles are set by the Board over three year periods to deliver sustained security holder value.
Performance measures	Individual accountabilities for each Executive KMP position that support the execution of the business strategy. The Executive KMP receive a fixed amount which is recommended annually by the HRRC and set by the Board.	Individual Executive KMP performance indicators are based upon the short-term requirements of the role and needs of the Company. Company performance indicators including group financials, production, sales, culture, sustainability, safety and individual objectives that underpin the short-term success of the Company.	Long-term Company performance is measured by the relative shareholder return achieved by the Company over a three year period against the ASX 200. Individual Executive KMP performance indicators are based upon the long-term requirements of the role and needs of the Company.
Delivery	Competitive market based fixed remuneration comprising of base salary, superannuation and other non-cash benefits (e.g. company vehicle).	Cash bonus payable upon the Executive KMP achieving required performance hurdles in a sustainable manner for the relevant financial year. The maximum STI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).	Performance Rights which convert to ordinary shares upon the satisfaction of the Executive KMP meeting required performance hurdles in a sustainable manner and satisfying the requisite service conditions. The maximum LTI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Market positioning	Internal relativities and external market factors are considered when calculating the TFR, STI and LTI for each role. Remuneration is managed within a range so as to allow for the recognition of individual differences such as the calibre of the incumbent and the competency with which they fulfil a role. The Company typically targets remuneration levels at the median of the relevant market so as to create a strong incentive to achieve objectives. All components of remuneration are structured with reference to market practices and the circumstances of the Company at the time.		

Remuneration report (continued)

Remuneration structure – Executive KMP (continued)

The following diagram sets out the maximum remuneration mix for the Executive KMP.



Fixed remuneration

TFR for Executive KMPs is recommended annually by the HRRC and set by the Board. It comprises a cash salary, superannuation, and other non-cash benefits (e.g. a vehicle allowance). Our fixed remuneration strategy is to pay at market competitive rates to attract and retain talent.

Remuneration levels are set based on role size, scope and leadership accountability and managed within a range so as to allow for the recognition of individual differences such as the calibre, skills, experience and qualifications of the incumbent and the competency with which they fulfil a role. In reviewing the fixed remuneration levels we benchmark externally against comparable roles in similar ASX companies in the resources industry.

Short-term incentives

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

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

The Company intends to introduce a new STI policy for the year commencing 1 August 2020. The new policy will further reinforce the link between performance and reward by enhancing alignment between Company, business unit and individual performance and STI award. This new policy will continue to support the connection between pay and performance that supports discretionary effort and assists with attracting, motivating and retaining talent.

Directors' Report

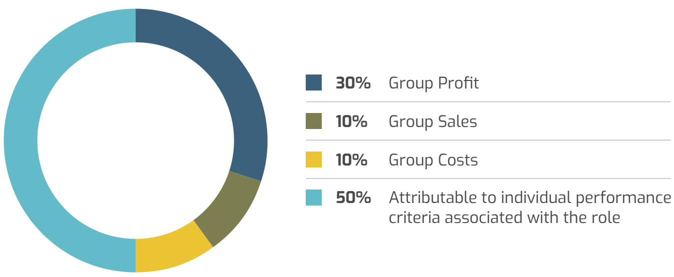
for the year ended 31 July 2020

Long-term incentives

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

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

Variable Executive remuneration – short-term incentives

ASPECT	PLAN, OFFERS AND COMMENTS
Form of award	Cash bonus entitlement.
Performance period	The Company's financial year (12 months).
Maximum entitlements	The maximum STI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Award determination and payment	Calculations are performed following the end of the Performance Period. STI award is determined following a review of performance over the year against both individual and company KPIs as assessed by the CEO and the Board. 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 STI. Company performance is assessed in the areas of Group Profit, Group Sales and Group Costs.
Cessation of employment during a period	Generally, all STI entitlements will be forfeited in the event that cessation of employment occurs prior to the payment of the award. The Board retains absolute discretion to award some or all of the STI entitlement to an Executive KMP.
Key performance indicators (KPIs) criteria and weighting	The chart below indicates the weightings of KPIs applicable to the STI entitlements for the 2020 financial year. The Company component is assessed against Group Profit, Group Sales and Group Costs. The individual performance criteria includes safety, operational, project and strategic KPIs which are assessed in addition to the demonstration of the Company's Core Values and behaviours. **SHORT-TERM KPIs** 

Remuneration report (continued)

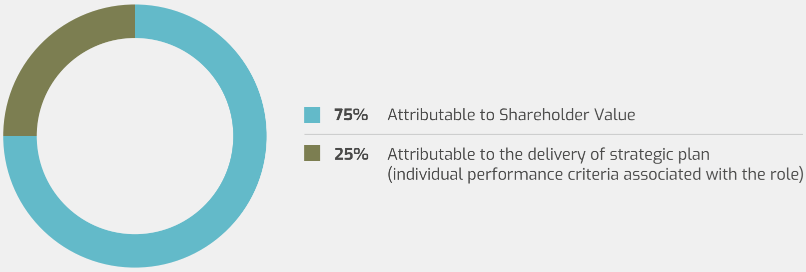
Variable Executive remuneration – long-term incentives

ASPECT	PLAN RULES, INVITATIONS AND COMMENTS
Form of award	Deferred equity entitlement.
Form of equity	Performance Rights which will convert to Ordinary Shares upon the satisfaction of both performance and service related vesting conditions. The number of LTIP Performance Rights are calculated utilising five day VWAP up to and including the 1 August. Rights carry no entitlement to voting or dividends prior to converting to Ordinary Shares.
Maximum entitlement	The maximum LTI entitlement payable to each Executive KMP is currently between 30% and 37% of their TFR (depending on the role).
Performance period	The performance measures are tested at the end of the three year performance period to determine the number of rights that vest. For the entitlements relating to the 2020 financial year, the Performance Period is from 1 August 2019 to 31 July 2022.
Additional service period	The Executive KMP must remain an employee of the Company for 12 months beyond the Performance Period in order to be eligible to receive any LTI benefit. For the entitlements relating to the 2020 financial year, the Service Period is from 1 August 2019 to 31 July 2023.
Cessation of employment during the performance or service period	Generally, all LTI entitlements will be forfeited in the event that cessation of employment occurs prior to the completion of the Performance or Service Period. Any unexercised Performance Rights lapse upon termination. The Board in its absolute discretion may allow Performance Rights to vest in the circumstances where a participant dies, Total or Permanent Disability occurs or retirement after the age of 55 years.
Retesting	Retesting is a provision in incentive plans that allows performance against pre-defined targets to be assessed again at some time (or times) after the initial assessment. There is no retesting applicable to LTI entitlements.
Award determination and issue of shares	All vesting conditions must be satisfied in order for the Performance Rights to be converted to Ordinary Shares. The Board ultimately decides what percentage of LTI will be awarded based on the performance criteria. Performance Rights that are not converted to Ordinary Shares will lapse. The LTI entitlements for the 2020 financial year include two separate performance criteria described below: ▪ Long-term Company performance is measured by the total shareholder return achieved by the Company over a three year period relative to the ASX 200 Net Total Return index (in the table on page 43) (75% weighting of Performance Rights) and; ▪ Individual Executive KMP performance indicators based upon the Company's strategic plan, the needs of the Company and the requirements of the role (25% weighting of Performance Rights).
Gate	Individuals must meet or exceed expectations to be eligible for any LTI award.

Directors' Report

for the year ended 31 July 2020

LONG-TERM INCENTIVES KPIs



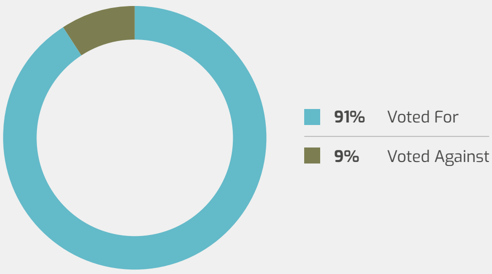
The Total Shareholder Return (TSR) vesting scale appears as follows:

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

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

Voting at the Company's 2019 Annual General Meeting

At the AGM held on 19 November 2019, more than 91% of the votes cast were in favour of the resolution to approve our 2019 Remuneration Report. This chart portrays the percentage of votes for and against the Remuneration Report at the 2019 AGM.



Remuneration report (continued)

Company performance

The following table outlines the performance of the Company over the 2020 financial year and the previous four financial years in accordance with the requirements of the *Corporations Act 2001*:

		2020	2019	RESTATED[1] 2018	2017	2016
Net (loss)/profit attributable to shareholders	A$000	**(156,783)**	210,652	149,498	140,620	(53,679)
(Loss)/profit after tax	A$000	**(156,783)**	210,652	149,498	140,619	(53,680)
Net profit after tax before non regular items	A$000	**83,943**	268,487	261,245	128,713	5,029
(Loss)/earnings per share	cps	**(18.9)**	25.3	18.0	16.9	(6.5)
Dividends paid during the year	cps	**15.0**	16.0	12.0	6.0	8.0
Share price as at 31 July	$/share	**1.31**	2.51	3.19	1.60	1.60
Shareholders' funds	A$000	**1,725,380**	1,961,012	1,888,400	1,853,428	1,750,412

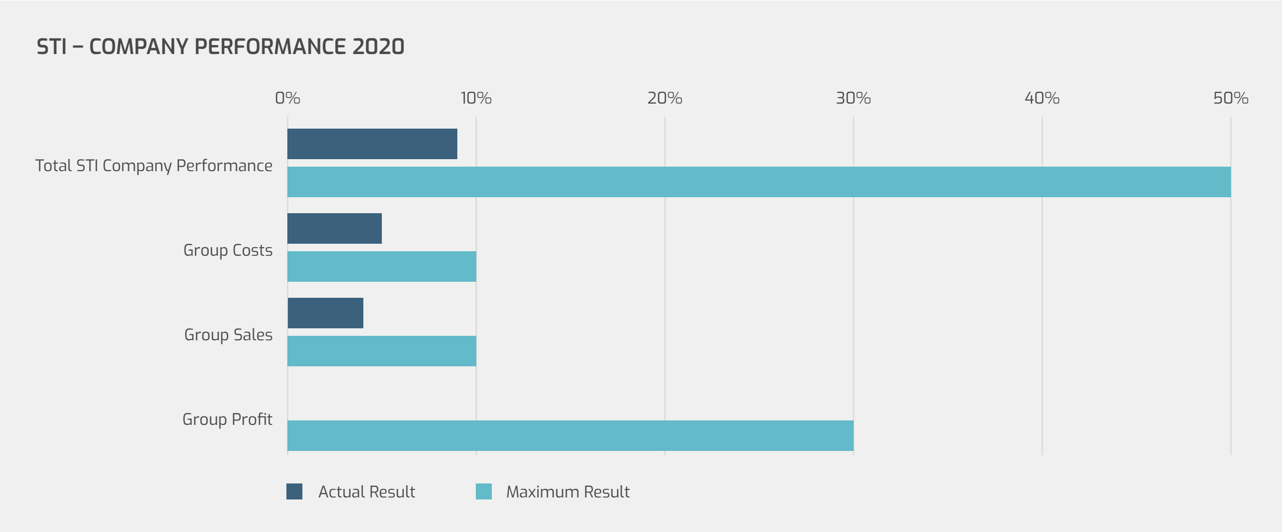
1 Figures for the 2018 financial year were restated in 2019 to present the impacts of discontinued operations in the 2019 financial year.

Variable remuneration outcomes

This section provides shareholders with a view of the remuneration actually paid to executives for performance in FY2020 and the value of LTI that vested during the period.

Short-term incentive outcomes

To determine the short-term incentive that will apply in the performance year, the Board assesses the Executive KMP against the individual role KPIs and the performance of the Company. Accordingly, a combination of financial and non-financial measures is used to measure performance for STI awards. The Board sets hurdles at the beginning of the financial year which remain unchanged throughout the performance period. The Company performance component of the STI which comprises 50% weighting is assessed by the Board and measured by reference to group profit, group sales volumes and group operating costs as detailed in the graph below.



The targets for the 2020 financial year could not anticipate the impact of the global pandemic and while the Company met or exceeded performance outcomes in the first half of the year, it did not meet all the objectives set and therefore the STI was impacted accordingly, achieving 18% against the Company performance criteria. The Board assessed the Executive KMP individually against their individual scorecard KPIs which included a range of operational and strategic KPIs as well as non-financial criteria including safety and environment, leadership, culture, values and behaviours. The individual performance results for the Executive KMP for the 2020 financial year was assessed by the Board.

Directors' Report

for the year ended 31 July 2020

Based on outcomes for the 2020 financial year, the Board has exercised its discretion and declined to grant any STI awards to the Executive KMP for the 2020 financial year. Details of the Executive KMPs STI entitlements in relation to the 2020 financial year are set out below.

EXECUTIVE KMP	STI MAXIMUM $	STI PAYABLE $	STI PAYABLE %	STI FORFEITED $	STI FORFEITED %
Mr S.O. Stephan	555,000	–	–	555,000	100%
Mr A.L. Boyd	297,906	–	–	297,906	100%
Mr M.J. Busch	195,822	–	–	195,822	100%
Mr B.C. Armitage	197,120	–	–	197,120	100%

The HRRC is of the view that overall the Executive KMP have continued to execute the Company's strategy. The Variable Remuneration Outcomes table detailed on page 47 is designed to provide shareholders with a better understanding of the actual remuneration paid to each Executive KMP in 2020 and 2019. It includes:

- Fixed remuneration earned and paid in the year ended 31 July 2019 and 31 July 2020;
- STI earned in respect of 31 July 2019; noting that the STI entitlement in respect of the 2019 financial year was paid in October 2019.
- LTI entitlements for which both the performance criteria and service criteria have been satisfied during the 2019 or 2020 financial year. The value is calculated by reference to the market value of any shares issued to the Executive KMP on the date of issue; and
- Any non-monetary benefits provided to KMP in the year ended 31 July 2019 and 31 July 2020 (including fringe benefits).

Long-term incentive outcomes

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

The performance right awards granted under the 2016 LTI plans reached the end of their respective performance and service periods and were converted to shares in August 2019. These shares related to the performance period 1 August 2015 to 31 July 2018. The value of the LTI vested at market also reflects the significant share price growth achieved from the granting in 2016 to vesting in August 2019.

The Performance Rights granted under the 2017 LTI plan covers the performance period 1 August 2016 to 31 July 2019 and the service condition that was satisfied on 31 July 2020. Shares were issued in August 2020 after satisfaction of both the performance and service conditions. The number of Performance Rights that converted to shares was assessed by the Board using the assessment criteria detailed elsewhere in this report of 75% TSR and 25% individual performance. Both performance elements were assessed over the three year performance period.

For the 2017 LTI entitlement, the Company achieved strong TSR performance of over 125% measured over the three year performance period against the ASX200 Net Total Return Index, resulting in the maximum 75% Company performance component being awarded. The Board assessed the individual Executive KMP performance against long-term strategic objectives, the needs of the Company and the requirements of the role annually over the three year period which were then averaged resulting in a performance score out of 25 for each Executive KMP. This result ranged from 18 to 21 out of 5, or 72–84% of the individual performance component of 25% weighting. The Performance Rights were then subject to an additional 12 months service condition which deemed at 31 July 2020 and required each of the Executive KMP to be employed by the Company when the Performance Rights converted to shares in August 2020.

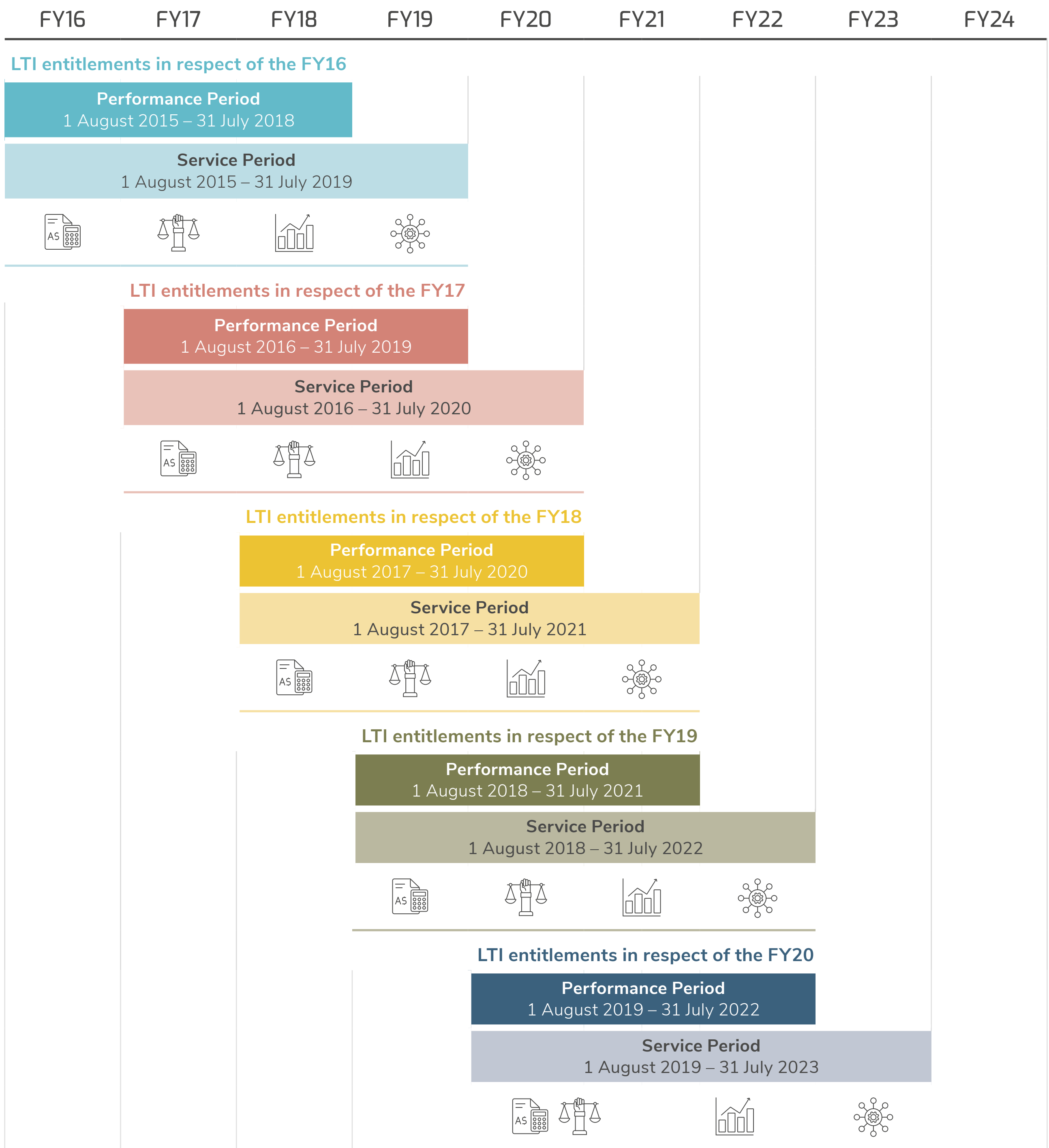
The Board is satisfied that the Executive KMP LTI outcomes awarded in August 2020 are aligned with the delivery of the Company's strategy over the previous four year period and encouraged sustainable, long-term value creation through equity ownership. The LTI is earned and delivered to Executive KMP over a four year timeframe to create a layered retention effect and encourage sustained long-term performance.

Remuneration report (continued)

Variable remuneration outcomes (continued)

Long-term incentive outcomes (continued)

This is further illustrated in the flowchart below.



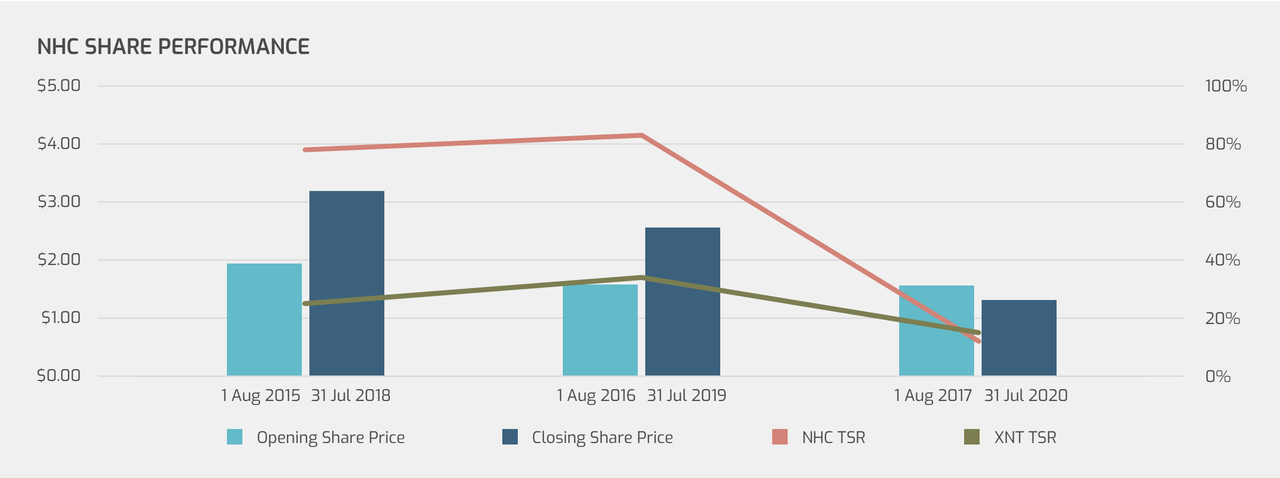
Key

- Calculate A$ value of LTI entitlement
- Calculate number of Rights to be issued
- Measure Performance and determine % of Rights to Vest
- Rights covert to NHC Shares on satisfaction of Service Condition

Directors' Report

for the year ended 31 July 2020

The chart below illustrates the Company's share performance over the three year LTI performance periods for the financial year 2016, 2017 and 2018.



EXECUTIVE KEY MANAGEMENT PERSONNEL	TFR[1] $	STI[2] CASH $	TOTAL CASH $	LTI[3] VESTED AT MARKET VALUE $	OTHER[4] $	TOTAL REMUNERATION $
2020						
Executive Directors						
Mr S.O. Stephan	**1,438,169**	**–**	**1,438,169**	**331,579**	**25,461**	**1,795,209**
Other Key Management Personnel						
Mr A.L. Boyd	**793,409**	**–**	**793,409**	**168,635**	**41,536**	**1,003,580**
Mr M.J. Busch	**612,955**	**–**	**612,955**	**123,019**	**(25,358)**	**710,616**
Mr B.C. Armitage	**580,138**	**–**	**580,138**	**79,244**	**(15,149)**	**644,233**
Total Other Key Management Personnel	**1,986,502**	**–**	**1,986,502**	**370,898**	**1,029**	**2,358,429**
Total – 2020	**3,424,671**	**–**	**3,424,671**	**702,477**	**26,490**	**4,153,638**
2019						
Executive Directors						
Mr S.O. Stephan	1,402,072	370,000	1,772,072	513,000	153,379	2,438,451
Other Key Management Personnel						
Mr A.L. Boyd	757,695	220,000	977,695	252,778	79,317	1,309,790
Mr M.J. Busch	606,120	121,500	727,620	188,326	60,448	976,394
Mr B.C. Armitage[5]	229,614	102,500	332,114	–	19,513	351,627
Total Other Key Management Personnel	1,593,429	444,000	2,037,429	441,104	159,278	2,637,811
Total – 2019	2,995,501	814,000	3,809,501	954,104	312,657	5,076,262

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

2 STI represents the amount of cash STI that each Executive KMP was paid in October 2019 and will be paid in October 2020 in respect of performance during the 2019 and 2020 financial years respectively.

3 The LTI award for 2020 is in respect of the 2017 LTI entitlement which covers the performance period 1 August 2016 to 31 July 2019 and a service condition that was satisfied on 31 July 2020. Shares were issued in August 2020 after satisfaction of the service condition.

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

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

5 Mr B.C. Armitage was appointed as CDO on 1 February 2019.

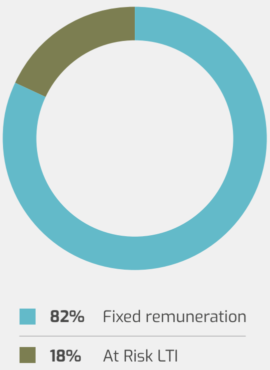
Remuneration report (continued)

Variable remuneration outcomes (continued)

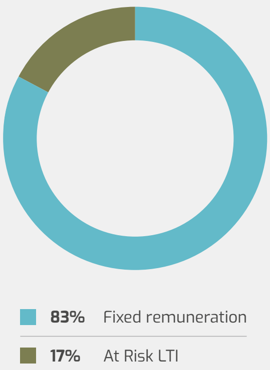
Long-term incentive outcomes (continued)

The graphs below reflect how the actual remuneration package for the Executive KMP was delivered in 2020. Executive KMP remuneration is delivered by a mix of fixed and variable remuneration. Variable remuneration is 'at risk' and earned through both the STI and LTI remuneration components.

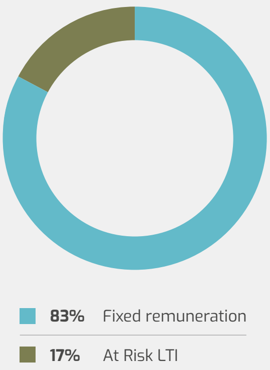
MR S.O. STEPHAN



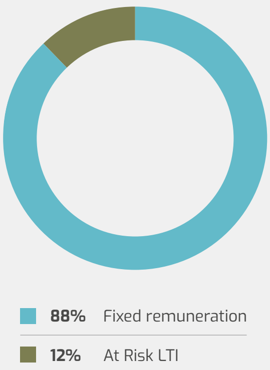
MR A.L. BOYD



MR M.J. BUSCH



MR B.C. ARMITAGE



Directors' Report

for the year ended 31 July 2020

Remuneration – statutory tables

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

	SHORT-TERM EMPLOYEE BENEFITS			LONG-TERM BENEFITS	POST EMPLOYMENT	SHARE-BASED PAYMENTS	
2020	CASH SALARY AND FEES $	CASH BONUS $	NON-CASH BENEFITS[1] $	LSL $	SUPER-ANNUATION[2] $	PERFORMANCE RIGHTS $	TOTAL $
Non-Executive Directors							
Mr R.D. Millner	**300,514**	**–**	**–**	**–**	**20,307**	**–**	**320,821**
Mr T.J. Barlow	**140,848**	**–**	**–**	**–**	**13,381**	**–**	**154,229**
Mr W.H. Grant[3]	**431,918**	**–**	**–**	**–**	**41,032**	**–**	**472,950**
Ms J.E. McGill[4]	**14,333**	**–**	**–**	**–**	**1,362**	**–**	**15,695**
Mr T.C. Millner	**140,848**	**–**	**–**	**–**	**13,381**	**–**	**154,229**
Ms S.J. Palmer[5]	**63,945**	**–**	**–**	**–**	**6,075**	**–**	**70,020**
Mr I.M. Williams	**203,348**	**–**	**–**	**–**	**18,332**	**–**	**221,680**
Total Non-Executive Directors	**1,295,754**	**–**	**–**	**–**	**113,870**	**–**	**1,409,624**
Executive Directors							
Mr S.O. Stephan[6]	**1,420,609**	**370,800**	**19,665**	**5,796**	**17,560**	**(49,142)**	**1,785,288**
Other Key Management Personnel							
Mr A.L. Boyd	**775,849**	**220,000**	**40,986**	**550**	**17,560**	**163,455**	**1,218,400**
Mr M.J. Busch	**594,806**	**121,500**	**(33,727)**	**8,369**	**18,149**	**(15,989)**	**693,108**
Mr B.C. Armitage	**561,237**	**102,500**	**(16,285)**	**1,136**	**18,901**	**77,769**	**745,258**
Total Other Key Management Personnel	**1,931,892**	**444,000**	**(9,026)**	**10,055**	**54,610**	**225,235**	**2,656,766**
Total Remuneration – 2020	**4,648,255**	**814,800**	**10,639**	**15,851**	**186,040**	**176,093**	**5,851,678**
2019							
Non-Executive Directors							
Mr R.D. Millner	304,704	–	–	–	20,590	–	325,294
Mr T.J. Barlow	140,392	–	–	–	13,337	–	153,729
Mr W.H. Grant	155,991	–	–	–	14,819	–	170,810
Mr T.C. Millner	140,392	–	–	–	13,337	–	153,729
Ms S.J. Palmer	180,236	–	–	–	17,122	–	197,358
Mr I.M. Williams	140,392	–	–	–	13,337	–	153,729
Total Non-Executive Directors	1,062,107	–	–	–	92,542	–	1,154,649
Executive Directors							
Mr S.O. Stephan	1,381,424	383,000	107,703	45,676	20,649	249,709	2,188,161
Other Key Management Personnel							
Mr A.L. Boyd	737,047	212,940	60,878	18,439	20,649	125,867	1,175,820
Mr M.J. Busch	585,522	140,600	47,171	13,277	20,599	93,554	900,723
Mr B.C. Armitage[7]	220,573	–	15,622	3,892	9,042	24,160	273,289
Total Other Key Management Personnel	1,543,142	353,540	123,671	35,608	50,290	243,581	2,349,832
Total Remuneration – 2019	3,986,673	736,540	231,374	81,284	163,481	493,290	5,692,642

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

2 Superannuation guarantee requirements for the financial year 30 June 2020 have been met with KMP receiving the legislated 9.5%. The variation for the financial year ending 31 July 2020 is due to the timing of the reporting period against the standard financial year along with a reduction to Executive KMP hours and wages implemented 1 July 2020.

3 Remuneration for W.H Grant includes fees associated with his role as Chair of the Board of a New Hope controlled subsidiary. It was determined in the current period to remunerate W.H Grant 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 financial years from 2015 to 2019, $16,172 in Directors fees and $1,536 superannuation for the 2014 financial year.

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

5 Ms S.J. Palmer resigned from the Board effective 25 November 2019.

6 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.

7 Mr B.C. Armitage was appointed as CDO on 1 February 2019.

Remuneration report (continued)

Share-based compensation

The terms and conditions of each grant of Performance Rights affecting remuneration of Executive KMP in the current or future reporting periods and the associated pricing model inputs are as follows:

PERFORMANCE PERIOD TO WHICH LTI RELATES	GRANT DATE	VESTING DATE	VALUE OF A PERFORMANCE RIGHT AT GRANT DATE ($)
2016–2019	Dec-16	Aug-19	0.80
2017–2020	Mar-18	Aug-20	1.23
2018–2021	Mar-19	Aug-21	1.47
2019–2022	Nov-19	Aug-22	0.87
2020–2023	Nov-19	Aug-23	0.99

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

Details of Performance Rights over ordinary shares in the Company as at 31 July 2020, provided as remuneration to the Executive KMP of the Company are set out below. No Performance Rights have been issued to Non-Executive Directors in the 2020 financial year. Upon satisfaction of the service period and performance conditions each Performance Right will automatically vest and convert into one ordinary share in New Hope Corporation Limited. The minimum value of the Performance Rights yet to vest is nil, as the Performance Rights will lapse if the vesting conditions are not met. The maximum value in future periods has been determined as the amount of the grant date fair value of the Performance Right that is yet to be expensed.

NAME	GRANT DATE	VESTING DATE	NUMBER GRANTED	VALUE PER SHARE	NUMBER VESTED	VESTED %	NUMBER FORFEITED	FORFEITED %	NUMBER LAPSED	LAPSED %	MAXIMUM VALUE IN FUTURE PERIODS
Mr S.O. Stephan [2]	Dec–16	Aug–19	250,000	$0.80	237,500	95%	–	–	12,500	5%	–
	Mar–18	Aug–20[1]	263,158	$1.23	–	–	–	–	–	–	–
	Mar–19	Aug–21	157,483	$1.47	–	–	157,483	100%	–	–	–
	Nov–19	Aug–22	217,767	$0.87	–	–	217,767	100%	–	–	–
	Nov–19	Aug–23	217,767	$0.99	–	–	217,767	100%	–	–	–
Mr A.L. Boyd	Dec–16	Aug–19	124,497	$0.80	117,027	94%	–	–	7,470	6%	–
	Mar–18	Aug–20[1]	131,049	$1.23	–	–	–	–	–	–	–
	Mar–19	Aug–21	85,134	$1.47	–	–	–	–	–	–	51,720
	Nov–19	Aug–22	112,611	$0.87	–	–	–	–	–	–	73,760
	Nov–19	Aug–23	112,611	$0.99	–	–	–	–	–	–	91,570
Mr M.J. Busch [3]	Dec–16	Aug–19	93,750	$0.80	87,188	93%	–	–	6,562	7%	–
	Mar–18	Aug–20[1]	98,684	$1.23	–	–	–	–	–	–	–
	Mar–19	Aug–21	59,251	$1.47	–	–	59,251	100%	–	–	–
	Nov–19	Aug–22	75,924	$0.87	–	–	75,924	100%	–	–	–
	Nov–19	Aug–23	75,924	$0.99	–	–	75,924	100%	–	–	–
Mr B.C. Armitage	Mar–18	Aug–20[1]	62,230	$1.23	–	–	–	–	–	–	–
	Mar–19	Aug–21	32,843	$1.47	–	–	–	–	–	–	19,952
	Nov–19	Aug–22	62,370	$0.87	–	–	–	–	–	–	40,852
	Nov–19	Aug–23	69,058	$0.99	–	–	–	–	–	–	56,155

1 The Performance Rights vesting in August 2020 do not have a maximum value at 31 July 2020 as they vest in August 2020.

2 Mr S.O. Stephan's employment ceased on 31 August 2020 which is before the vesting date for all rights granted after March 2019.

3 Mr M.J. Busch's employment ceases on 12 October 2020 which is before the vesting date for all rights granted after March 2019.

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

Directors' Report

for the year ended 31 July 2020

Equity holdings

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

Performance Rights holdings

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	VESTED	FORFEITED	LAPSED	BALANCE AT THE END OF THE YEAR	UNVESTED
Mr S.O. Stephan	670,641	435,534	(237,500)	(593,017)	(12,500)	263,158	263,158
Mr A.L. Boyd	340,680	225,222	(117,027)	–	(7,470)	441,405	441,405
Mr M.J. Busch	251,685	151,848	(87,188)	(211,099)	(6,562)	98,684	98,684
Mr B.C. Armitage	95,073	131,428	–	–	–	226,501	226,501

Share holdings

NAME	BALANCE AT THE START OF THE YEAR	PURCHASED	RECEIVED ON THE VESTING OF PERFORMANCE RIGHTS	BALANCE AT THE END OF THE YEAR
Mr R.D. Millner	4,157,774	20,000	–	4,177,774
Mr T.J. Barlow	19,900	–	–	19,900
Mr W.H. Grant	30,000	–	–	30,000
Ms J.E. McGill	–	–	–	–
Mr T.C. Millner	3,974,368	20,000	–	3,994,368
Ms S.J. Palmer	15,000	–	–	15,000
Mr I.M. Williams	38,087	–	–	38,087
Mr S.O. Stephan	436,365	–	237,500	673,865
Mr A.L. Boyd	39,898	–	117,027	156,925
Mr M.J. Busch	773,258	–	87,188	860,446
Mr B.C. Armitage	–	–	–	–

Shares issued on the vesting of rights

Since the end of the financial year, 524,071 Performance Rights have vested and converted to ordinary shares in the Company.

Loans to Directors and Executives

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

Non audit services

Deloitte Touche Tohmatsu has acted as auditor for the Group for the entire 2020 year. The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms (refer note 31):

	2020 $	2019 $
Deloitte and related network firms		
Audit or review of financial reports:		
Group	**529,420**	612,150
Subsidiaries and joint operations	**121,067**	84,400
	650,487	696,550
Other services		
Sustainability and other advisory services	**113,416**	64,382
	113,416	64,382
	763,903	760,932
Other Auditors and their related network firms		
Audit or review of financial reports:		
Subsidiaries and joint operations [1]	–	77,000
	–	77,000

1 Relates to audit of Bengalla Joint Venture.

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 54.

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 2020

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2020 and the number of meetings attended by each Director:

	FULL MEETINGS OF DIRECTORS		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES AND REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Mr R.D. Millner	14	14	–	–	–	–	–	–
Mr T.J. Barlow	14	14	5	5	5	5	1	1
Mr W.H. Grant	14	14	5	5	5	5	1	1
Ms J.E. McGill [1]	14	2	–	–	–	–	–	–
Mr T.C. Millner	14	14	–	–	–	–	–	–
Ms S.J. Palmer [2]	14	6	5	2	–	–	–	–
Mr I.M. Williams [3]	14	14	5	3	5	5	1	1
Mr S.O. Stephan	14	14	5	5	–	–	–	–

1 Ms J.E. McGill was appointed to the Board effective from 22 June 2020.

2 Ms S.J. Palmer resigned from the Board effective 25 November 2019.

3 Mr. I.M. Williams was appointed as Acting Chair of the Audit and Risk Committee on 25 November 2019.

Signed at Sydney this 21st day of September 2020 in accordance with a resolution of Directors.

R.D. Millner
Director

Auditor's Independence Declaration

for the year ended 31 July 2020

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia
Phone: +61 7 3308 7000
www.deloitte.com.au

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

21 September 2020

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 2020, 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

Financial Report contents

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 21 to 53, which is not part of this financial report. The financial report was authorised for issue by the Directors on 21 September 2020.
The Company has the power to amend and reissue the financial report.

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

Statement of Comprehensive Income

for the year ended 31 July 2020

	NOTES	2020 $000	2019 $000
Revenue from continuing operations	2	**1,083,918**	1,306,429
Other income	3(a)	**56**	3,456
		1,083,974	1,309,885
Expenses			
Cost of sales		**(760,945)**	(716,198)
Marketing and transportation		**(175,594)**	(179,508)
Administration		**(14,037)**	(14,041)
Other expenses	3(b)	**14,058**	(21,675)
Financing costs	17(c)	**(26,375)**	(22,964)
Acquisition costs expensed	3(b)	**–**	(47,729)
Impairment of assets	3(b)	**(346,632)**	–
(Loss)/profit before income tax from continuing operations		**(225,551)**	307,770
Income tax benefit/(expense)	4(a)	**68,768**	(97,338)
(Loss)/profit after income tax from continuing operations		**(156,783)**	210,432
Profit after income tax from discontinued operations	24(b)	**–**	220
Net (loss)/profit for the year		**(156,783)**	210,652
Net (loss)/profit attributable to:			
New Hope Shareholders		**(156,783)**	210,652
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange difference on the translation of foreign operations	20(f)	**2**	–
Changes to the fair value of cash flow hedges, net of tax	20(f)	**67,524**	(19,838)
Transfer to profit and loss for cash flow hedges, net of tax	20(f)	**(21,783)**	14,772
Items that will not be reclassified to profit and loss:			
Changes to the fair value of equity investments, net of tax	20(f)	**(527)**	(696)
Other comprehensive income/(loss) for the year, net of tax		**45,216**	(5,762)
Total comprehensive income/(loss) for the year		**(111,567)**	204,890
Total comprehensive income/(loss) attributable to:			
New Hope Shareholders		**(111,567)**	204,890
(Loss)/earnings per share for profit from continuing operations attributed to ordinary equity holders of the Company			
Basic (loss)/earnings per share (cents/share)		**(18.9)**	25.3
Diluted (loss)/earnings per share (cents/share)		**(18.9)**	25.3
(Loss)/earnings per share for profit attributed to ordinary equity holders of the Company			
Basic (loss)/earnings per share (cents/share)	6	**(18.9)**	25.3
Diluted (loss)/earnings per share (cents/share)	6	**(18.9)**	25.3

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

Statement of Financial Position

as at 31 July 2020

	NOTES	2020 $000	2019 $000
Current assets			
Cash and cash equivalents	15	**70,377**	58,827
Receivables	7	**63,565**	108,069
Derivative financial instruments	18	**45,852**	–
Inventories	9	**80,985**	96,269
Current tax assets	4(d)	**15,779**	–
Total current assets		**276,558**	263,165
Non-current assets			
Receivables	7	**296**	1,056
Derivative financial instruments	18	**8,912**	190
Equity investments	16	**193**	723
Property, plant and equipment	10	**2,084,827**	2,138,233
Intangible assets	11	**80,627**	96,457
Exploration and evaluation assets	12	**94,223**	301,589
Total non-current assets		**2,269,078**	2,538,248
Total assets		**2,545,636**	2,801,413
Current liabilities			
Accounts payable	8	**81,999**	108,701
Derivative financial instruments	18	**–**	10,774
Borrowings	17	**10,738**	2,532
Current tax liabilities	4(d)	**–**	5,817
Provisions	14	**47,841**	86,270
Total current liabilities		**140,578**	214,094
Non-current liabilities			
Borrowings	17	**428,359**	358,206
Deferred tax liabilities	4(e)	**2,974**	52,633
Provisions	14	**248,345**	215,468
Total non-current liabilities		**679,678**	626,307
Total liabilities		**820,256**	840,401
Net assets		**1,725,380**	1,961,012
Equity			
Contributed equity	20(d)	**96,692**	96,315
Reserves	20(f)	**42,553**	(2,977)
Retained profits	20(g)	**1,586,135**	1,867,674
Total equity		**1,725,380**	1,961,012

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 31 July 2020

	NOTES	CONTRIBUTED EQUITY $000	RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Balance at 1 August 2019		**96,315**	**(2,977)**	**1,867,674**	**1,961,012**
Loss for the year		–	–	**(156,783)**	**(156,783)**
Other comprehensive income		–	**45,216**	–	**45,216**
Total comprehensive (loss)/income		–	**45,216**	**(156,783)**	**(111,567)**
Transactions with owners in their capacity as owners					
Dividends paid	19(a)	–	–	**(124,756)**	**(124,756)**
Transfer from share-based payment reserve to equity	20(f)	**377**	**(377)**	–	–
Net movement in share-based payment reserve	20(f)	–	**691**	–	**691**
		377	**314**	**(124,756)**	**(124,065)**
Balance at 31 July 2020		**96,692**	**42,553**	**1,586,135**	**1,725,380**

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

1 Fair value through other comprehensive income

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

Cash Flow Statement

for the year ended 31 July 2020

	NOTES	2020 $000	2019 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		**1,201,943**	1,390,916
Payments to suppliers and employees inclusive of GST		**(904,123)**	(881,144)
		297,820	509,772
Payment of acquisition costs	3(b)	–	(47,729)
Net interest paid		**(15,776)**	(5,282)
Net income taxes paid [1]		**(26,586)**	(162,977)
Net cash inflow from operating activities	5	**255,458**	293,784
Cash flows from investing activities			
Payments for property, plant and equipment		**(100,246)**	(76,942)
Payments for intangibles	11	**(224)**	(54)
Payments for exploration and evaluation activities	12	**(12,899)**	(21,286)
Payments for acquisition of Bengalla – net cash	23	–	(831,264)
Proceeds from disposal of equity investments – Planet Gas		–	429
Proceeds from term deposits		–	205,000
Proceeds from sale of property, plant and equipment		**4,527**	557
Interest received from term deposits		–	648
Refunds/(payments) for security and bond guarantees		**64**	(59)
Dividends received		–	2
Net cash outflow from investing activities		**(108,778)**	(722,969)
Cash flows from financing activities			
Repayment of lease liabilities [2]		**(10,815)**	(2,443)
Dividends paid	19	**(124,756)**	(133,002)
Proceeds from borrowings		**135,000**	760,000
Repayments of borrowings	17(a)	**(135,000)**	(400,000)
Payments for debt establishment and transaction costs		–	(8,436)
Payments for establishment costs for guarantee facility		–	(4,366)
Net cash (outflow)/inflow from financing activities		**(135,571)**	211,753
Net increase/(decrease) in cash and cash equivalents		**11,109**	(217,432)
Cash and cash equivalents at the beginning of the financial year		**58,827**	274,975
Effects of exchange rate changes on cash and cash equivalents	3(b)	**441**	1,284
Cash and cash equivalents at the end of the financial year		**70,377**	58,827

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.

2 The prior year comparative represents amounts accounted for in respect of finance leases under AASB 117 *Leases* (AASB 117).

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

Notes to the Financial Statements

for the year ended 31 July 2020

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

Basis of preparation

This financial report is a general purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.
- Complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the consolidated Financial Statements, the Company is a for profit entity.
- Adopts policies which are consistent with those of the previous financial year and corresponding interim reporting period with the exception of changes required on adoption of new accounting standards as identified in note 32.
- Has been prepared under the historical cost convention, as modified by the revaluation of equity investments, trade receivables held at fair value, derivative instruments carried at fair value and agricultural assets carried at fair value.
- Has been prepared on a going concern and accruals basis.
- Does not adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 32 for more information on this and other accounting policies.
- Is for a company which is of a kind referred to in *ASIC Corporations Instrument 2016/191*, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- Presents comparative information that has been reclassified where appropriate to enhance comparability.

The Directors have presented these 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.

As a result of the COVID-19 and its declaration as a global pandemic on 11 March 2020, there has been great uncertainty in the global and Australian economies. The coal market has been impacted by a steep decline in all short-term global coal indices. The Group's operations have not been materially impacted by the pandemic with mining identified as an essential industry and all operations continuing to operate at full capacity although with adjusted safety and risk considerations associated with the global pandemic.

The business has in response to COVID-19 and the economic conditions taken prudent steps associated with its liquidity management including deferral of government payments in line with relevant extensions, securing JobKeeper wage subsidy payments as outlined in note 2, progressing with redundancies across a number of operations and reduction to a nine day fortnight amongst other pertinent cost saving measures. In addition the company is focused on investment in key capital programs (major mid-life shutdown of the dragline at Bengalla) to underpin the future of its operations and ensure sustainable long-term shareholder returns. In order to fund this investment and in light of the difficult global economic conditions as a result of COVID-19, the Directors will not be declaring a final dividend which aligns with the Companies prudent approach to liquidity management.

In assessing the going concern position of the Group, the Directors have considered projected cash flow information for the 12 months from the date of approval of these financial statements under multiple scenarios taking into account projected lower pricing forecasts. Based on a reasonable downside case for pricing, foreign exchange including confirmed hedging and broader operating and capital budgets, the Group is expected to operate within the available cash levels.

In light of the difficult market conditions influenced by the COVID-19 pandemic, management have taken appropriate steps to manage the Group's liquidity position and compliance with its debt facility requirements. The Group is in full compliance with its debt covenants at 31 July 2020 and has sufficient liquidity including cash balances of $70,377,000 and available debt facilities of $150,000,000. In adopting a proactive approach, the Group has secured a waiver of a relevant covenant for the reporting period ending 31 January 2021, in the event that it is needed.

Notes to the Financial Statements

for the year ended 31 July 2020

Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Hope Corporation Limited (Company or parent entity) as at 31 July 2020 and the results of all subsidiaries for the year then ended.

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

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

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

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

(ii) Interests in other entities

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

Other accounting policies

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

Key judgements and estimates

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

		PAGE
Note 4	Deferred tax assets	72
Note 10	Impairment assessment	78
Note 10	Estimation of coal and oil reserves and resources	78
Note 11	Goodwill impairment assessments	79
Note 12	Exploration and evaluation expenditure	80
Note 13	Impairment of assets	86
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Notes to the Financial Statements

for the year ended 31 July 2020

1. Financial reporting segments

Accounting policy

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

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

A. Description of segments

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

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

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

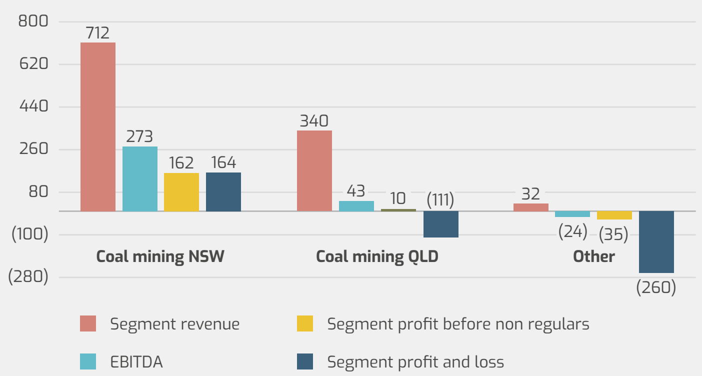
Notes to the Financial Statements

for the year ended 31 July 2020

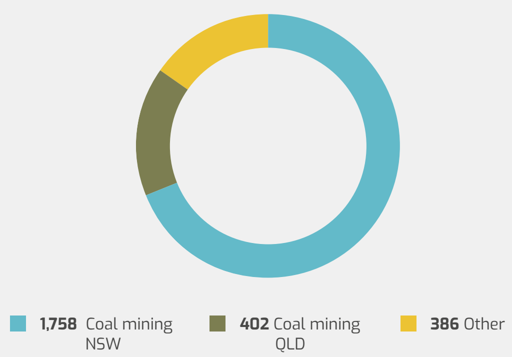
B. Segment information

YEAR ENDED 31 JULY 2020	NOTES	COAL MINING NSW $000	COAL MINING QLD $000	OTHER $000	TOTAL $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
Total revenue from external customers	2				1,083,918
Group EBITDA from continuing operations					289,754
Segment EBITDA from continuing operations		273,008	43,254	(23,680)	292,582
Depreciation and amortisation		(110,765)	(29,459)	(10,646)	(150,870)
Interest expense		(211)	(3,583)	(381)	(4,175)
Segment profit/(loss) before tax and non regular items from continuing operations		162,032	10,212	(34,707)	137,537
Non regular items before tax [1]		1,937	(121,387)	(225,605)	(345,055)
Profit/(loss) before tax after non regular items from continuing operations		163,969	(111,175)	(260,312)	(207,518)
Treasury loss before income tax					(18,033)
(Loss) before tax (after non regular items) from continuing operations					(225,551)
Income tax benefit	4(a)				68,768
Loss after tax and non regular items					(156,783)
Reportable segment assets		1,757,890	402,123	385,623	2,545,636
Total segment assets includes:					
Recognition of right of use assets on adoption of AASB 16 Leases (AASB 16)	32	7,389	61,870	1,830	71,089
Additions to non-current assets		68,518	8,572	52,464	129,554
Impairment of assets		–	(110,781)	(235,851)	(346,632)

2020 SEGMENT PERFORMANCE ($ MILLION)



2020 SEGMENT ASSETS ($ MILLION)



1 Non regular items for the year ended 31 July 2020 relate to Jeebropilly rehabilitation provision movements, New Acland ramp down costs, QLD operations redundancy costs, recovery of port costs, coal operations, coal exploration, oil producing, oil exploration asset impairments, impairment of goodwill and onerous contract and related expenses.

Notes to the Financial Statements

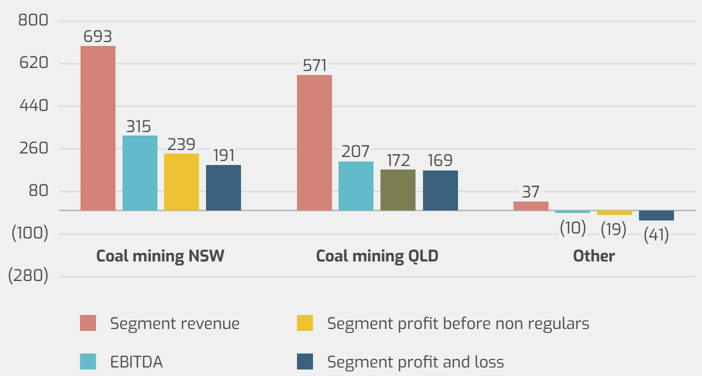
for the year ended 31 July 2020

1. Financial reporting segments (continued)

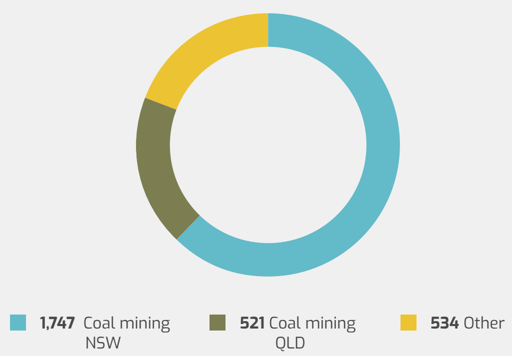
B. Segment information (continued)

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

2019 SEGMENT PERFORMANCE ($ MILLION)



2019 SEGMENT ASSETS ($ MILLION)



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

Notes to the Financial Statements

for the year ended 31 July 2020

C. Other segment information

(i) Segment revenue

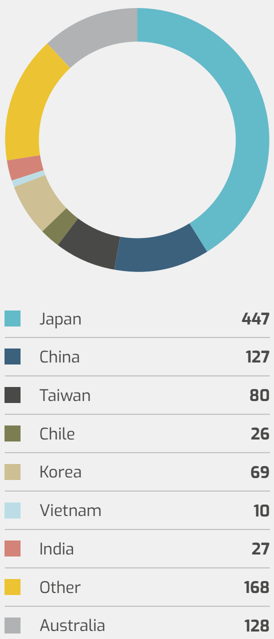
YEAR ENDED 31 JULY 2020	NOTES	COAL MINING NSW $000	COAL MINING QLD $000	OTHER $000	TOTAL $000
Total segment revenue by geographical region					
Japan		267,230	179,622	–	446,852
China		73,701	53,717	–	127,418
Taiwan		62,964	17,105	–	80,069
Chile		–	26,280	–	26,280
Korea		62,382	6,298	–	68,680
Vietnam		3,266	6,930	–	10,196
India		–	27,094	–	27,094
Other [1]		168,341	–	–	168,341
Australia		82,608	20,760	25,047	128,415
Revenue from customer contracts [2]		720,492	337,806	25,047	1,083,345
Other revenue					573
Total revenue	2				1,083,918

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

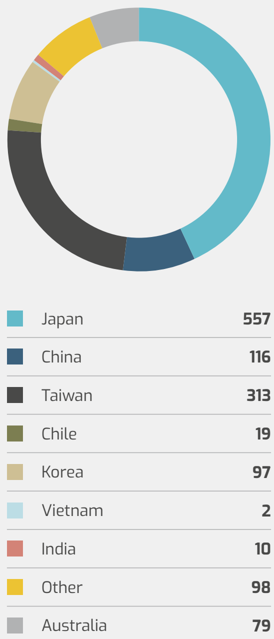
2 Revenue from customers contracts includes income from commodity sales and services as disclosed in note 2.

There are no customers which represent more than 10% of revenue from customer contracts for the year ended 31 July 2020. During the prior year, within revenue for the Coal mining QLD segment there is one customer that represented 10% with total revenue of $189,013,000.

2020 SEGMENT REVENUE ($ MILLION)



2019 SEGMENT REVENUE ($ MILLION)



1. Financial reporting segments (continued)

C. Other segment information (continued)

(i) Segment revenue (continued)

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

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

(ii) Segment assets

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

2. Revenue

Accounting policy

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.
- 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. Certain 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. The final selling price is based on the price for the quotational period stipulated in the contract.
- Service fee income and management fee income is recognised as revenue over time as the services are performed.

Notes to the Financial Statements

for the year ended 31 July 2020

	NOTES	2020 $000	2019 $000
Sales revenue			
Revenue from commodity sales		**1,071,414**	1,278,350
Revenue from provisional pricing adjustments		**(10,793)**	2,885
Services		**11,931**	13,565
		1,072,552	1,294,800
Other revenue			
Property rent		**1,282**	1,195
Interest	17(c)	**689**	5,407
Sundry revenue [1]		**9,395**	5,027
	1(b),(c)	**1,083,918**	1,306,429

1 Included within sundry revenue for the 2020 financial year is an amount relating to COVID-19 government relief in the form of JobKeeper payments received by the Group of $3,909,000 (2019: $nil).

3. Other income and expenses

A. Other income

	NOTES	2020 $000	2019 $000
Insurance recovery		**56**	3,264
Net gain on disposal of property, plant and equipment		**–**	192
		56	3,456

B. Breakdown of expenses

	NOTES	2020 $000	2019 $000
Profit before income tax includes the following specific expenses:			
Foreign exchange gains and losses			
Net foreign exchange gains		**441**	1,284
Depreciation			
Buildings	10	**2,083**	1,894
Plant and equipment	10	**57,200**	57,182
		59,283	59,076
Amortisation			
Mining reserves, leases and mine development	10	**68,106**	50,407
Oil producing assets	10	**7,791**	7,885
Software	11	**570**	534
Right-of-use assets	10	**11,586**	–
Mining information	11	**2,977**	2,313
Water rights	11	**557**	433
		91,587	61,572
Impairment of assets			
Impairment of QLD coal mining assets	13	**110,783**	–
Impairment of goodwill	13	**12,271**	–
Impairment of coal exploration and evaluation assets	13	**157,197**	–
Impairment of oil producing and exploration assets	13	**66,381**	–
		346,632	–

3. Other income and expenses (continued)

B. Breakdown of expenses (continued)

	NOTES	2020 $000	2019 $000
Liquidation related expenses [1]		**(14,058)**	21,675
Acquisition costs expensed	23	**–**	47,729
Exploration costs expensed [2]		**19,677**	16,009
Employee benefits expensed		**182,878**	174,356
Superannuation expensed [3]		**11,046**	11,203
Net loss on disposal of property, plant and equipment		**4,208**	–
Lease costs expensed [4]		**247**	19,865

1 Liquidation related costs have been included in Other expenses.

2 Exploration costs expensed includes relevant Employee expenses.

3 Superannuation expensed is included in Employee benefits expensed.

4 Expenses relating to leases of low value assets. The prior year comparative represents amounts accounted for in respect of operating lease expenses.

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 2020

A. Income tax (benefit)/expense

	2020 $000	2019 $000
Income tax – Current tax expense	**8,003**	91,273
Income tax – Adjustments for current tax of prior periods	**(7,508)**	924
Income tax – Deferred tax (benefit)/expense	**(69,263)**	5,141
	(68,768)	97,338
Effective tax rate	**30.5%**	31.6%

B. Numerical reconciliation of income tax (benefit)/expense to prima facie tax (receivable)/payable

	NOTES	2020 $000	2019 $000
(Loss)/profit from continuing operations before income tax		**(225,551)**	307,770
Profit from discontinued operations before income tax	24	**–**	220
		(225,551)	307,990
Income tax calculated at 30% (2019–30%)		**(67,665)**	92,397
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
Impairment of goodwill		**3,681**	–
Non-deductible amounts from discontinuing operations		**–**	66
Other deductible amounts		**–**	4,493
Sundry items		**18**	256
		(63,966)	97,212
(Over)/under provided in prior year		**(4,802)**	126
Income tax (benefit)/expense		**(68,768)**	97,338

C. Tax (benefit)/expense relating to items of other comprehensive income

	2020 $000	2019 $000
Cash flow hedges	**(19,604)**	2,172

4. Income taxes (continued)

D. Reconciliation of income tax (receivable)/payable

	NOTES	2020 $000	2019 $000
(Loss)/profit from continuing operations before income tax		**(225,551)**	307,770
Profit from discontinued operations before income tax	24	**–**	220
		(225,551)	307,990
Income tax calculated at 30% (2019: 30%)		**(67,665)**	92,397
Tax effected adjustments to taxable income:			
Non temporary differences:			
Non-deductible amounts from discontinuing operations		**–**	66
Impairment of goodwill		**3,681**	–
Other non temporary items		**18**	256
Temporary differences:			
Non deductible impairment expenses		**100,308**	–
Other deductible amounts		**(28,339)**	(4,757)
Tax losses utilised		**–**	(1,182)
Taxable income at 30% (2019: 30%)		**8,003**	86,780
Current tax liability		**8,003**	86,780
Current tax receivable (2019)		**(77)**	–
Less: Tax instalments paid		**(23,705)**	(80,963)
Tax (refundable)/payable		**(15,779)**	5,817

Notes to the Financial Statements

for the year ended 31 July 2020

E. Deferred tax balances accounting policy

Accounting policy

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

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

	NET BALANCE AT 1 AUGUST $000	INITIAL ADOPTION OF AASB 16 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OCI $000	ACQUIRED IN BUSINESS COMBINATION $000	NET $000	DEFERRED TAX ASSETS $000	DEFERRED TAX LIABILITIES $000
2020								
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)**
2019								
Rehabilitation provision [1]	36,678	–	20,404	–	10,677	67,759	67,759	–
Property, plant and equipment	(42,485)	–	(21,866)	–	(12,874)	(77,225)	–	(77,225)
Capitalised exploration	(56,708)	–	(2,879)	–	–	(59,587)	–	(59,587)
Cash flow hedges	1,003	–	–	2,172	–	3,175	3,175	–
Inventories	(5,465)	–	(1,835)	–	–	(7,300)	–	(7,300)
Employee benefits	13,749	–	1,959	–	2,259	17,967	17,967	–
Other [1]	684	–	456	–	(62)	1,078	1,078	–
Revenue tax losses	1,182	–	(1,182)	–	–	–	–	–
Capital losses	1,500	–	–	–	–	1,500	1,500	–
	(49,862)	–	(4,943)	2,172	–	(52,633)	91,479	(144,112)

1 Amounts recognised in profit or loss have been reclassified between rehabilitation provision and other as well as deferred tax assets and deferred tax liabilities related to these disclosures.

Notes to the Financial Statements

for the year ended 31 July 2020

4. Income taxes (continued)

F. Unrecognised deferred tax assets

	2020 $000	2019 $000
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses (capital)	**7,090**	7,146
Temporary differences associated with equity investments	**5,709**	5,551
	12,799	12,697

Significant judgements and estimates

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

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

5. Reconciliation of (loss)/profit after income tax to net cash from operating activities

	NOTES	2020 $000	2019 $000
(Loss)/profit after income tax		**(156,783)**	210,652
Depreciation and amortisation		**150,870**	120,649
Non-cash employee benefit expense – share-based payments	28	**691**	724
Gain from discontinued operations after tax	24(b)	**–**	(220)
Impairment of assets	3(b)	**346,632**	–
Net foreign exchange gains	3(b)	**(441)**	(1,284)
Net loss/(profit) on sale of non-current assets		**4,208**	(175)
Interest income from term deposits/investing activities		**–**	(648)
Net income taxes paid [1]		**(26,586)**	(162,977)
Income tax (benefit)/expense	4(a)	**(68,768)**	97,338
Payment of establishment costs for guarantee facility	17(c)	**–**	4,366
Amortisation of transaction cost	17(c)	**2,076**	1,384
Changes in operating assets and liabilities			
Decrease in receivables and prepayments		**45,262**	14,273
Decrease/(increase) in inventories		**15,284**	(6,967)
(Decrease)/increase in payables		**(21,338)**	8,710
(Decrease)/increase in provisions and employee entitlements		**(35,649)**	7,959
Net cash from operating activities		**255,458**	293,784

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 2020

6. Earnings per share

Accounting policy

Basic earnings per share

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

Diluted earnings per share

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

	EARNINGS PER SHARE (CENTS)	
	2020	2019
A. Basic earnings per share attributable to ordinary equity holders of the Company	**(18.9)**	25.3
B. Diluted earnings per share attributable to ordinary equity holders of the Company	**(18.9)**	25.3

C. Reconciliation of adjusted profits

	BASIC AND DILUTED	
	2020 $000	2019 $000
(Loss)/profit attributable to the ordinary equity holders of the Company	**(156,783)**	210,652

D. Weighted average number of shares used as the denominator

	CONSOLIDATED	
	2020	2019
Weighted average number of ordinary shares (basic)	**831,681,768**	831,261,875
Rights	**868,630**	1,414,347
Weighted average number of ordinary shares (diluted)	**832,550,398**	832,676,222

E. Rights granted to employees

Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in note 28.

7. Receivables

Accounting policy

Trade receivables derived from contracted sales are recognised initially at fair value and subsequently at amortised cost, less any expected credit losses (ECL). Trade receivables from provisionally priced sales are carried at fair value. The carrying value less the estimated credit adjustments is assumed to approximate their fair values due to their short-term nature. Trade receivables are due for settlement no more than 45 days from the date of recognition.

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

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

	2020 $000	2019 $000
Current		
Trade receivables	**26,252**	54,976
Trade receivables – provisionally priced	–	19,285
Other receivables (a)	**22,335**	24,596
Prepayments	**14,978**	9,212
	63,565	108,069
Non-current		
Other receivables	**296**	1,056

A. Other receivables

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 but not impaired.

B. Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 21.

C. Fair value and credit risk

Due to the short-term nature of current receivables, their carrying value is assumed to approximate their fair value. The fair value of non-current receivables approximates their carrying amounts. Information about the Group's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 21. The Group assessed the ECL in relation to trade and other receivables in the current year and the prior year to be immaterial and no loss allowance has been recorded.

Notes to the Financial Statements

for the year ended 31 July 2020

8. Accounts payable

Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 45 days of recognition.

	2020 $000	2019 $000
Trade and other payables	**81,999**	108,701

9. Inventories

Accounting policy

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

Self-generating and regenerating assets are valued at fair value less costs to sell. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

	2020 $000	2019 $000
Coal stocks	**46,092**	67,658
Self-generating and regenerating assets	**3,322**	2,748
Raw materials and stores at cost	**33,272**	27,485
Less: Provision for obsolescence	**(1,701)**	(1,622)
	80,985	96,269

A. Inventory expense

Coal stocks recognised as an expense within cost of sales during the year ended 31 July 2020 amounted to $818,135,000 (2019: $755,856,000). During the financial year the Group recognised an inventory write-down to net realisable value of $13,324,000 (2019: $nil).

10. Property, plant and equipment

Accounting policy

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

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

Property, plant and equipment includes Right of Use assets arising from leasing arrangements, shown separately from owned and leasehold assets. Please see note 32 for additional information relating to the Group's adoption of AASB 16 from 1 August 2019.

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 2020 year. The expected useful life of plant and equipment is four to 20 years, buildings is 25 to 40 years and motor vehicles is four to eight years. Land is not depreciated.

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

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Refer to note 13 for further detail on impairment of assets.

Mine properties, development costs, reserves and leases and oil producing assets

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

The cost of acquiring reserves and resources are capitalised in the Statement of Financial Position as incurred.

Mining reserves, leases and development costs are amortised over the estimated productive life of each applicable mine on either a unit of production basis or years of operation basis, as appropriate. Amortisation commences when an area of interest is ready for use.

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

Deferred stripping costs

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

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

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 measure 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 be incurred by the Group in dismantling and removing the underlying asset, restoring the site or underlying asset to the condition required by the terms of the lease, unless those costs are incurred to produce inventories.

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.

Notes to the Financial Statements
for the year ended 31 July 2020

10. Property, plant and equipment (continued)

	NOTE	LAND AND BUILDINGS MINING $000	BUILDINGS NON-MINING $000	PLANT AND EQUIPMENT $000	MINING RESERVES AND LEASES $000	MINE AND PORT DEVELOPMENT $000	OIL PRODUCING ASSETS $000	PLANT UNDER CONSTRUCTION $000	RIGHT-OF-USE ASSETS $000	TOTAL $000
Year ended 31 July 2020										
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[1]	32	**–**	**–**	**(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 in/(out)		**88**	**–**	**3,874**	**–**	**21,515**	**–**	**(25,477)**	**–**	**–**
Transfers to Intangibles	11	**–**	**–**	**–**	**–**	**–**	**–**	**(321)**	**–**	**(321)**
Disposal of assets		**(1,079)**	**(1,661)**	**(6,965)**	**–**	**–**	**–**	**–**	**–**	**(9,705)**
Impairment charge	13	**–**	**–**	**(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)**
Balance at 31 July 2020		**209,476**	**7,066**	**558,332**	**1,044,226**	**113,646**	**45,827**	**25,106**	**81,148**	**2,084,827**
Year ended 31 July 2019										
Balance at 1 August 2018		189,148	8,737	406,091	570,506	45,937	69,787	59,848	–	1,350,054
Additions		90	431	43,598	–	687	18,596	13,540	–	76,942
Movements in rehabilitation		–	–	4,771	–	14,960	1,616	–	–	21,347
Acquisition of business – Bengalla rehabilitation		–	–	–	35,552	–	–	–	–	35,552
Acquisition of business – Bengalla		23,952	–	172,502	546,476	17,426	–	11,699	–	772,055
Transfers in/(out)		–	108	3,498	–	349	–	(3,955)	–	–
Transfers to Intangibles	11	–	–	–	–	–	–	(61)	–	(61)
Disposal of assets		–	–	(288)	–	–	–	–	–	(288)
Impairment charge		–	–	–	–	–	–	–	–	–
Depreciation/amortisation expense		(1,611)	(283)	(57,182)	(45,555)	(4,852)	(7,885)	–	–	(117,368)
Balance at 31 July 2019		211,579	8,993	572,990	1,106,979	74,507	82,114	81,071	–	2,138,233

1 The Group adopted AASB 16 for the first time on 1 August 2019. Refer to note 32 for the impact of adoption.

10. Property, plant and equipment (continued)

Significant judgements and estimates

A. 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 13 for further detail on the significant judgements and estimates used in impairment assessment.

B. Estimation of coal and oil reserves and resources

The Group estimates its coal reserves and resources based on information compiled by Competent Persons as defined in accordance with the JORC Code, which is produced by the Australasian Joint Ore Reserves Committee (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 13 for details on impairment of assets.

C. 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 2020. Consistent with the position outlined in financial report for the 2019 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 13 for details on impairment of assets.

Notes to the Financial Statements

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11. Intangibles

Accounting policy

IT development and software	Costs incurred in IT development and developing software and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised are external direct costs of materials and services. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.
Water rights and mining information	The Group benefits from water rights associated with its mining operations through the efficient and cost effective operation of the mine. These rights are amortised on a straight line basis over the life of the mine. The value of exploration, pre-feasibility and feasibility costs necessary for regulatory, reporting and internal control purposes have been recognised as a mining information intangible asset. The total value is amortised over the estimated life of the mine.
Goodwill	Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Goodwill is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.
Impairment	Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Refer to note 13 for details of impairment testing. Goodwill impairments are not reversible.

	NOTES	SOFTWARE $000	GOODWILL $000	WATER RIGHTS $000	MINING INFORMATION $000	TOTAL $000
Year ended 31 July 2020						
Balance at 1 August 2019		**1,468**	**17,866**	**12,004**	**65,119**	**96,457**
Additions		**224**	**–**	**–**	**–**	**224**
Transfer from Property, Plant and Equipment	10	**321**	**–**	**–**	**–**	**321**
Impairment charge	13	**–**	**(12,271)**	**–**	**–**	**(12,271)**
Amortisation charge		**(570)**	**–**	**(557)**	**(2,977)**	**(4,104)**
Balance at 31 July 2020		**1,443**	**5,595**	**11,447**	**62,142**	**80,627**
Year ended 31 July 2019						
Balance at 1 August 2018		1,818	17,866	5,926	32,432	58,042
Additions		54	–	–	–	54
Transfer from Property, Plant and Equipment	10	61	–	–	–	61
Impairment charge		–	–	–	–	–
Acquisition of business – Bengalla	23	69	–	6,511	35,000	41,580
Amortisation charge		(534)	–	(433)	(2,313)	(3,280)
Balance at 31 July 2019		1,468	17,866	12,004	65,119	96,457

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 $17,866,000 before impairment relates to the acquisition of Queensland Bulk Handling Pty Ltd (QBH) ($5,595,000) and certain coal exploration assets (the exploration assets) ($12,271,000). Refer to note 13 for the details regarding the impairment assessments performed at 31 July 2020 and related impairment charge to the profit and loss (2019: no impairment).

12. Exploration and evaluation

Accounting policy

Costs are carried forward only if they relate to an area of interest for which rights of tenure are current and such costs are expected to be recouped through successful development and exploitation or from sale of the area. At the time that a decision is taken to develop an area with proven technical feasibility and commercial viability the costs will cease to be capitalised as exploration and evaluation assets and existing assets will be transferred to property, plant and equipment.

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

	NOTES	2020 $000	2019 $000
Exploration and evaluation assets		**94,223**	301,589
Reconciliation			
Balance at 1 August		**301,589**	280,301
Additions		**12,899**	21,286
Movements in rehabilitation		**206**	2
Impairment charge	13	**(220,471)**	–
Balance at 31 July		**94,223**	301,589

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 13 for the details regarding the impairment assessments performed at 31 July 2020 and related impairment charge to the profit and loss (2019: no impairment).

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13. 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 has undertaken a detailed assessment of the recoverable amount of certain CGUs at 31 July 2020. Recoverable amounts has been determined using a 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 CGU's 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 mine. 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 New Acland Stage 3 project (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.
- 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;

13. Impairments of assets (continued)

B. Assessment of recoverable amount (continued)

(i) QLD Coal Mining operations (continued)

- 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, New Acland Coal Pty Ltd (NAC) lodged an Amended AWL application which has now progressed through public consultation and is with the Minister for decision;
- On 12 February 2019, NAC received a change report from the Coordinator-General in respect of the noise conditions for NAC03. On 15 February 2019, DES confirmed that the change report had satisfied all of the preconditions imposed by the Land Court for the approval of the ML and amendments to the EA and the EA was granted on 12 March 2019;
- 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. As a result of these orders there are no legal impediments to the Queensland Government issuing the requisite project approvals;
- 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 date for the hearing of the appeal has been set for the 6 October 2020. If the hearing of the High Court is found in favour of OCAA the NAC03 approvals will likely be remitted to the Land Court while if unsuccessful there are no further avenues for appeal;
- 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; and
- The Minister for Natural Resources has indicated that a decision on the ML and the AWL will not be forthcoming while the appeal to the High Court of Australia remains outstanding.

The Directors have determined the recoverable amount for the CGU based on a FVLCD calculation. This calculation uses discounted cashflow projections, adjusted with probability weightings specific to individual scenarios to derive a weighted average recoverable amount. Several scenarios have been assessed, considering a combination of different assumptions.

Key assumptions used in FVLCD calculations:

ASSUMPTION	DESCRIPTION
Extensions of approval timelines and coal tonnages	The extension of approval timelines 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 2021 in the earliest instance, or at the latest with operations recommencing on 1 August 2027. 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.
Coal price	The COVID-19 global pandemic has had a direct impact on the pricing assumptions in the short term. Short-term coal prices have declined since 31 July 2019 while long-term indications of pricing have remained largely consistent however given the current global market a slight reduction in this long-term pricing has been reflected. The coal price range for assessments at 31 July 2020 is US$47.80–US$133.50 per tonne (nominal basis).
Foreign exchange	The assumed AUD:USD foreign exchange rate modelled is 0.68–0.73.
Discount rates	The future cash flows have been discounted using a post tax discount rate of 10.5% (2019: 10.0%).

In undertaking its impairment assessment, 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 and, or, market participation by suppliers of services to the Company.

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

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Having due regard to all relevant information, the Company has concluded that in aggregate these matters result in the recoverable amount for the CGU being below its' carrying value.

As a result of this impairment assessment an impairment charge of $110,783,000 has been recognised in the Statement of Comprehensive Income at 31 July 2020 (2019: nil). This impairment charge has been recognised in the Group's Coal Mining QLD segment.

The recoverable amount and impairment charge calculated is outlined below:

		2020	
	NOTES	RECOVERABLE AMOUNT $000	IMPAIRMENT CHARGE $000
Property, plant and equipment			
Land and buildings – mining	10	**29,592**	–
Plant and equipment	10	**62,208**	12,864
Mining reserves, leases and development assets	10	**866**	–
Plant under construction	10	**516**	52,585
Intangibles			
Software	11	**688**	–
Exploration and evaluation			
Exploration and evaluation at cost	12	**–**	45,334
Total		**93,870**	110,783

In assessing the recoverable amount for the CGU the Directors have used reasonable assumptions and judgements of future uncertainties in key pricing, discount and foreign exchange assumptions, probabilities of scenarios as well as those associated with COVID-19. Any changes in probabilities or other assumptions could result in additional impairment of the remaining carrying value of the CGU at risk of $93,870,000.

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 recovery of Stage 2 coal, while the port and water agreements are longer term.

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 QLD 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 2020 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).

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

	NOTES	2020 $000	2019 $000
Property, plant and equipment			
Land and buildings	10	**1,541**	1,617
Plant and equipment	10	**77,269**	80,552
Right-of-use assets	10	**59,069**	–
Port development	10	**10,857**	11,367
Plant under construction	10	**896**	1,556
Intangibles			
Software	10	**83**	112
Goodwill	10	**5,596**	5,596
Total carrying value		**155,311**	100,800

13. Impairments of assets (continued)

B. Assessment of recoverable amount (continued)

(ii) Goodwill

Goodwill (before impairments) relates to the acquisition of Queensland Bulk Handling Pty Ltd (Port Operations), $5,595,000, and certain coal exploration assets (coal exploration assets), $12,271,000, totalling $17,866,000. Goodwill was applied to these 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% (31 July 2019: 9.0%). 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 2020 financial year (2019: nil). The Port Operations CGU is part of the Groups' Coal Mining QLD segment.

Coal exploration assets

The recoverable amount of the exploration asset CGUs has been determined based on a comparable resource multiple attributable to the CGU. Details of the impairment assessment for the CGU are outlined in B(iii).

As a result of this impairment assessment, the recoverable amount of the CGU is below its carrying value. The goodwill applied to the CGU was impaired as a result, with an impairment charge of $12,271,000 being recognised in the Statement of Comprehensive Income. This impairment charge has been recognised in the Group's Other segment.

(iii) Coal exploration and evaluation assets

The Company determined that an indicator of impairment existed as at balance date in respect of the North Surat and Yamala Coal Exploration projects. The indicator arose as a result of the market conditions for coal exploration assets.

The recoverable amount of the CGUs has been 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. In the current market conditions, the Group determined that a resource multiple of $0.03 be ascribed to the JORC resources. The Company concluded the recoverable amount for the CGU was below its' carrying value.

As a result of this impairment assessment an impairment charge of $157,197,000 (excluding goodwill of $12,271,000), 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.

The recoverable amount and impairment charge calculated is outlined below:

	2020	
	RECOVERABLE AMOUNT $000	IMPAIRMENT CHARGE $000
North Surat coal project		
Exploration and evaluation	**23,069**	**147,816**
Property, plant and equipment	**10,861**	**–**
Yamala coal project		
Exploration and evaluation	**5,939**	**9,381**
Goodwill	**–**	**12,271**
Total	**39,869**	**169,468**

Any changes in other assumptions could result in additional impairment, with a residual carrying value at risk of $39,869,000.

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(iv) Oil producing and exploration assets

The Company determined that an indicator of impairment existed at balance date 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.

The Group has classified its Cooper Basin operated assets, Cooper Basin non-operated assets and Surat Basin assets as separate CGUs.

The recoverable amount for each CGU is based on a FVLCD calculation. This calculation uses discounted cashflow projections, with key assumptions including economically recoverable reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and future development costs necessary to produce the reserves.

Key assumptions used in FVLCD calculations:

ASSUMPTION	DESCRIPTION
Oil price	The oil price range for assessments at 31 July 2020 is US$40–US$65/bbl (real basis).
Foreign exchange	The assumed AUD:USD foreign exchange rate modelled is 0.68–0.73.
Discount rates	The future cash flows have been discounted using a post tax discount rate of 10.0%.

Oil exploration assets have been 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.

The recoverable amount and impairment charge calculated for each CGU is outlined below in respect of CGU assets where impairment indicators were observed at 31 July 2020.

		2020	
	NOTES	RECOVERABLE AMOUNT $000	IMPAIRMENT CHARGE $000
Property, plant and equipment	10	**2,000**	**812**
Oil producing assets			
Cooper Basin operated	10	**5,832**	**25,985**
Cooper Basin non-operated	10	**7,825**	**12,479**
Surat Basin operated	10	**1,747**	**9,165**
Exploration and evaluation assets		**–**	**17,940**
Total		**17,404**	**66,381**

Any changes in assumptions could result in additional impairment, with a residual carrying value at risk of $17,404,000.

13. Impairments of 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 recovery rates, foreign exchange rates, operating costs, reserve and resource estimates (refer to note 10), 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.

These judgements, estimate and assumptions are subject to risk and uncertainty. In the event the recoverable amount of assets is impacted by changes in these, the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recognised in the statement of comprehensive income.

14. Provisions

Accounting policy

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

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

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	EMPLOYEE BENEFITS $000	RESTORATION/ REHABILITATION $000	OTHER $000	TOTAL $000
2020				
Current	**40,148**	**7,693**	**–**	**47,841**
Non-current	**6,982**	**241,363**	**–**	**248,345**
	47,130	**249,056**	**–**	**296,186**
2019				
Current	52,553	17,717	16,000	86,270
Non-current	7,323	208,145	–	215,468
	59,876	225,862	16,000	301,738

A. Employee benefits

	2020 $000	2019 $000
Current long service leave obligations expected to be settled after 12 months	**14,505**	17,410

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

MOVEMENTS	NOTES	2020 $000	2019 $000
Balance at 1 August		**225,862**	167,643
Provision capitalised		**29,962**	21,348
Provision released to profit or loss		**(10,983)**	(3,427)
Provision arising on acquisition	10	**–**	35,552
Charged to profit or loss – unwinding of discount	17(c)	**4,215**	4,746
Balance at 31 July		**249,056**	225,862

14. Provisions (continued)

C. Other provisions

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), NEC and Colton Coal were claiming in proceedings that New Hope 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 during the year ended 31 July 2020 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; and
- 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.

Administration/liquidation process

On 19 July 2019, the administrators appointed to NEC and Colton Coal issued a Voluntary Administrators Report in advance of the second meeting of creditors. This Report identified potential claims that may be available to any Liquidators appointed to NEC and Colton Coal, subject to the Liquidators obtaining funding and conducting further investigations.

On 5 December 2019, the Liquidators indicated that they intended to continue their investigations into NEC and Colton Coal, including investigating whether NEC and Colton Coal were trading whilst insolvent, and whether any claims existed in that regard.

On 15 May 2020, the Liquidators advised that their investigations into NEC and Colton Coal were continuing and alleged that the value of the potential claims may be in the range of $150.2 to $168.3 million. No proceedings have been commenced with respect to these potential claims. The Group denies these alleged potential claims.

Summary

Given the successful results in relation to the DOCG proceedings, as no proceedings have been commenced by the Liquidators against New Hope and given the uncertainty of future funding of the Liquidators, the Company has considered its position and has determined that no provision is required to be made as at 31 July 2020, as a result of the liquidation process, and the provision has therefore been released in full.

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Significant estimate – determination of reserves estimates and rehabilitation costs

Provision is made for rehabilitation, restoration and environmental costs when the obligation arises, based on the net present value of estimated future costs. The ultimate cost of rehabilitation and restoration is uncertain, and management uses its 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 closedown and restoration costs as detailed in note 10.

During the year, the Jeebropilly Operation lodged a revised estimated rehabilitation calculation (ERC) with the DES. As a result, in January 2020, Jeebropilly Pty Ltd (Jeebropilly) was issued with a notice requesting additional financial assurance of $65,659,000 which was lodged on 4 March 2020. After the lodgement of this revised ERC as a result of the closure of the Jeebropilly Operation in November 2019, rehabilitation activities have been undertaken as well as further planning for the requirements of the site. On 18 September 2020, an updated ERC for the Jeebropilly Operation was lodged with the DES for assessment, which would reduce the rehabilitation obligation significantly. The rehabilitation provision for the year ended 31 July 2020, has been prepared to reflect this updated ERC as representing the Company's best estimate of future probable economic outflows to settle the obligation and as a result the provision has decreased with an impact on the Statement of Comprehensive Income of $9,782,000 with a non-current liability of $8,760,000.

The Company has made judgements in respect of the probable future cash outflows associated with this rehabilitation based on the intentions of the Jeebropilly Operations in respect of the previously mined areas. It is noted that there are presently multiple commercial transactions which may influence the final land use of the areas previously mined at Jeebropilly and these have been relevantly considered in determining the likelihood and potential timing of rehabilitation activities and the revised ERC aligns with these potential uses within the existing EA requirements. Further progress in relation to the status of the commercial transactions may reduce the current rehabilitation provision. In the event the Company is unable to secure the approval of the updated ERC, and or complete one or more of the commercial transactions, additional provisions may be required.

15. Cash and cash equivalents

Accounting policy

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

	2020 $000	2019 $000
Cash at bank and on hand	**70,377**	58,827

A. Cash at bank and on hand

Cash at bank and on hand includes deposits for which there is a short-term identified use in the operating cash flows of the Group, and attracts interest at rates between 0% and 0.60% (2019: 0% and 1.85%).

B. Risk exposure

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

16. Equity investments

Accounting policy

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

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

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

	2020 $000	2019 $000
Listed equity securities	**193**	723

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

17. 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, leases and finance income and expense.

	2020 $000	2019 $000
Current liabilities		
Lease liabilities [1]	**9,810**	2,532
Secured loans	**928**	–
	10,738	2,532
Non-current liabilities		
Lease liabilities [1]	**73,335**	5,258
Secured loans	**355,024**	352,948
	428,359	358,206
	439,097	360,738

1 The prior year comparative represents amounts accounted for in respect of finance leases under AASB 117. The Group adopted AASB 16 for the first time on 1 August 2019. Refer to note 32 for the impact of adoption.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 21.

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CHANGES ARISING IN LIABILITIES FROM FINANCING ACTIVITIES	2019 $000	CASH FLOWS $000	NON-CASH CHANGES[1] $000	2020 $000
Lease liabilities	7,790	(10,815)	86,170	**83,145**
Secured borrowings	352,948	–	3,004	**355,952**
Total liabilities from financing activities	360,738	(10,815)	89,174	**439,097**

1 Of the total non-cash change in lease liabilities $71,089,000 relates to leases on initial adoption of AASB 16 and a further $15,215,000 relating to new leases entered into during the year. Refer to note 32.

The fair value of interest bearing liabilities materially approximate their respective carrying values as at 31 July 2020.

A. Interest-bearing loans

Accounting policy

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

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

	2020 $000	2019 $000
Secured loans		
Current liabilities	**928**	–
Non-current liabilities	**355,024**	352,948
	355,952	352,948

(i) 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 17(e) for further information.

During the period, $135,000,000 (2019: $400,000,000) of debt drawn under the facility was repaid. At the end of the financial year, the secured loan facility had amortised to $510,000,000 (2019: $570,000,000). Facilities utilised at the end of the financial year was $360,000,000 (2019: $360,000,000).

The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 financial year period.

FINANCIAL FACILITIES ($000)

360,000 Facilities utilised at reporting date

150,000 Facilities not utilised at reporting date

17. Borrowings (continued)

A. Interest-bearing loans (continued)

(ii) Secured liabilities and assets pledged as security

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

B. Lease liabilities

Accounting policy

Lease liabilities are recognised, measured, presented and disclosed in accordance with AASB 16. Please see note 32 for additional information relating to the Group's adoption of AASB 16 from 1 August 2019. 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;
- 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.

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.

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The maturity profile of lease liabilities recognised at the end of the financial year is:

	NOTE	2020 $000	2019 $000
Lease liabilities are payable as follows [1]:			
Within one year		**12,956**	2,767
Later than one year but not later than five years		**20,862**	5,353
Later than five years		**96,545**	–
Minimum lease payments		**130,363**	8,120
Future finance charges		**(47,218)**	(330)
Total lease liability	32	**83,145**	7,790
The present value of lease liabilities is as follows [1]:			
Within one year		**9,810**	2,532
Later than one year but not later than five years		**9,639**	5,258
Later than five years		**63,696**	–
Total lease liability	32	**83,145**	7,790

1 The prior year comparative represents amounts accounted for in respect of finance leases under AASB 117.

Amounts recognised in the profit or loss during the 2020 financial year are:

	2020 $000	2019 $000
Depreciation expense on right-of-use assets	**11,586**	–
Interest expense on lease liabilities	**3,926**	–
Expense relating to short-term leases [1]	**1,455**	–
Expense relating to leases of low value assets [1]	**247**	–
Total expense for leases recognised in profit or loss	**17,214**	–

1 Amounts recognised within profit or loss as cost of sales.

(i) Secured liability

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

17. Borrowings (continued)

C. Finance income and expense

Accounting policy

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, interest 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.

	2020 $000	2019 $000
Recognised in the statement of comprehensive income		
Interest income	**689**	5,407
Finance income	**689**	5,407
Interest expense on lease liabilities [1]	**(3,926)**	(325)
Interest on drawn debt facility	**(13,219)**	(10,440)
Amortisation of transaction costs on borrowings	**(2,076)**	(1,384)
Commitment fees on borrowings	**(2,411)**	(2,175)
Establishment costs of bank guarantee facility	–	(4,366)
Unwinding of discount on provisions	**(4,215)**	(4,746)
Other financing costs	**(528)**	472
Net financing expenses	**(26,375)**	(22,964)

1 The prior year comparative represents amounts accounted for in respect of finance leases under AASB 117.

D. Contingent liabilities

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

	2020 $000	2019 $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.	**15,820**	11,318
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**	13,422
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	**231,594**	209,657
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers, financiers and various other entities	**29,489**	24,740
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 14(c) there are no other contingent liabilities of the Group as at 31 July 2020.

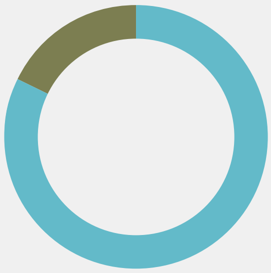
Notes to the Financial Statements

for the year ended 31 July 2020

E. Lines of credit

Unrestricted access was available at balance date to the following lines of credit available of $300,000,000 (2019: $300,000,000).

2020 ($000)



■	**247,414**	Guarantee facility utilised
■	**52,586**	Unused at balance date

2019 ($000)

■	**220,975**	Guarantee facility utilised
■	**79,025**	Unused at balance date

18. Derivative financial instruments

Accounting policy

Commodity hedging and forward foreign exchange contracts

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

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

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

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

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

18. Derivative financial instruments (continued)

	2020 $000	2019 $000
Current assets		
Forward foreign exchange contracts	**45,852**	–
Non current assets		
Forward foreign exchange contracts	**8,912**	190
	54,764	190
Current liabilities		
Forward foreign exchange contracts	**–**	10,774
	–	10,774

A. Instruments used by the group

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

At balance date foreign exchange contracts represented assets with a fair value of $54,764,000 (2019: $190,000) and liabilities of nil (2019: $10,774,000). At balance date the details of outstanding contracts are:

(i) Foreign exchange contracts

	SELL US DOLLARS BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
MATURITY	2020 $000	2019 $000	2020	2019
0 to 6 months	**225,630**	365,570	**0.6648**	0.7057
6 to 12 months	**202,736**	311,894	**0.6215**	0.7022
12 to 18 months	**46,319**	37,482	**0.5829**	0.6937
	474,685	714,946		

B. Credit risk exposures

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange and pricing contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date $474,685,000 (2019: $714,946,000) was receivable relating to forward foreign exchange contracts.

Notes to the Financial Statements

for the year ended 31 July 2020

19. Dividends

Accounting policy

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

A. Ordinary dividend paid

	2020 $000	2019 $000
2018 final dividend at 8.00 cents per share – 100% franked (tax rate – 30%) (paid on 6 Nov 2018)	–	66,501
2019 interim dividend at 8.00 cents per share – 100% franked (tax rate – 30%) (paid on 7 May 2019)	–	66,501
2019 final dividend at 9.00 cents per share – 100% franked (tax rate – 30%) (paid on 5 Nov 2019)	**74,854**	–
2020 interim dividend at 6.00 cents per share – 100% franked (tax rate – 30%) (paid on 5 May 2020)	**49,902**	–
Total dividends paid	**124,756**	133,002

B. Proposed dividends

The Company is focused on investment in key capital programs (major midlife shut of the dragline at Bengalla) to underpin the future of its operations and ensure sustainable long-term shareholder returns. In order to fund this investment and in-light of the difficult global economic conditions as a result of COVID-19, the Directors will not be declaring a final dividend.

The Directors declared and paid a final dividend for the 2019 financial year of 9.0 cents per share. This dividend was fully franked based on tax paid at 30%. The proposed dividend of $74,854,000 was not recognised as a liability at 31 July 2019.

C. Franked dividends

The franked portions of the final dividend recommended after 31 July 2020 will be franked out of existing franking credits.

	2020 $000	2019 $000
Franking credits available for subsequent financial years based on a tax rate of 30% (2019: 30%)	**508,505**	556,919

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 Directors have not recommended a dividend since the 2020 financial year end. In the previous financial year, the impact on the franking account of the dividend recommended by the Directors after the 2019 financial year end, but not recognised as a liability at 31 July 2019, was a reduction in the franking account of $32,080,000.

D. Dividend reinvestment plans

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

20. Equity

Accounting policy

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

A. Ordinary shares

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

B. Rights

Information relating to the Rights Plan, including details of rights granted, vested and the amount lapsed during the financial year and rights outstanding at the end of the financial year, is set out in note 28.

C. Share capital

	2020 NUMBER OF SHARES	2020 $000	2019 NUMBER OF SHARES	2019 $000
Issued and paid up capital	**831,708,318**	**96,692**	831,266,603	96,315

D. Movements in share capital

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	$000
1 August 2019	Opening Balance	**831,266,603**		**96,315**
1 August 2019	Vesting of performance rights	**441,715**	**$0.0000**	**–**
31 July 2020	Transfer from share-based payment reserve to equity	**–**		**377**
31 July 2020	**Balance**	**831,708,318**		**96,692**
1 August 2018	Opening Balance	831,151,552		95,905
1 August 2018	Vesting of performance rights	115,051	$0.0000	–
31 July 2019	Transfer from share-based payment reserve to equity	–		410
31 July 2019	**Balance**	**831,266,603**		**96,315**

E. Capital risk management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or source debt to fund growth projects.

Notes to the Financial Statements

for the year ended 31 July 2020

F. Reserves

	NOTES	CAPITAL PROFITS $000	EQUITY INVESTMENTS $000	REVALUATION $000	HEDGING $000	SHARE-BASED PAYMENTS $000	PREMIUM PAID ON NCI[1] $000	FOREIGN CURRENCY TRANSLATION $000	TOTAL $000
At 1 August 2019		1,343	(19,327)	27,412	(7,407)	1,031	(6,029)	–	(2,977)
Transfer to retained earnings – gross		–	–	–	–	–	–	–	–
Transfer to net profit – gross		–	–	–	(31,118)	–	–	–	(31,118)
Transfer to net profit – deferred tax		–	–	–	9,335	–	–	–	9,335
Revaluation – gross		–	(527)	–	96,465	–	–	2	95,940
Revaluation – deferred tax		–	–	–	(28,941)	–	–	–	(28,941)
		1,343	(19,854)	27,412	38,334	1,031	(6,029)	2	42,239
Transactions with owners in their capacity as owners									
Net movement in share-based payment reserve	28	–	–	–	–	691	–	–	691
Transfer to contributed equity	20(d)	–	–	–	–	(377)	–	–	(377)
At 31 July 2020		1,343	(19,854)	27,412	38,334	1,345	(6,029)	2	42,553
At 1 August 2018		1,343	515	27,412	(2,341)	717	(6,029)	–	21,617
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9		–	(27,861)	–	–	–	–	–	(27,861)
Restated balance as at 1 August 2018		1,343	(27,346)	27,412	(2,341)	717	(6,029)	–	(6,244)
Transfer to retained earnings – gross		–	8,715	–	–	–	–	–	8,715
Transfer to net profit – gross		–	–	–	21,103	–	–	–	21,103
Transfer to net profit – deferred tax		–	–	–	(6,331)	–	–	–	(6,331)
Revaluation – gross		–	(696)	–	(28,342)	–	–	–	(29,038)
Revaluation – deferred tax		–	–	–	8,504	–	–	–	8,504
		1,343	(19,327)	27,412	(7,407)	717	(6,029)	–	(3,291)
Transactions with owners in their capacity as owners									
Net movement in share-based payment reserve	28	–	–	–	–	724	–	–	724
Transfer to contributed equity	20(d)	–	–	–	–	(410)	–	–	(410)
At 31 July 2019		1,343	(19,327)	27,412	(7,407)	1,031	(6,029)	–	(2,977)

1 NCI – Non-controlling interest.

20. Equity (continued)

F. Reserves (continued)

Nature and purpose of reserves

Capital profits	This reserve represents amounts allocated from retained profits that were profits of a capital nature.
Equity investments	Changes in the fair value of equity investments are taken to this reserve. Amounts are recognised in the Statement of Comprehensive Income or transferred to retained earnings when the associated assets are sold or impaired.
Revaluation	This reserve represents the revaluation arising on the fair value uplift of property, plant and equipment on the initial holding of QBH further to the acquisition of the remaining 50% of this company.
Hedging	The hedging reserve is used to record the gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 18. Amounts are recognised in the Statement of Comprehensive Income when the associated hedged transaction affects the Statement of Comprehensive Income.
Share-based payments	The share-based payment reserve is used to recognise the fair value of options and rights issued, but not yet exercised. Fair values at grant date are independently determined using the Black-Scholes options pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.
Premium paid on non-controlling interest acquisition	The premium paid on non-controlling interest acquisition is used to recognise any excess paid on the acquisition of a non-controlling interest in a subsidiary.

G. Retained profits

	NOTES	2020 $000	2019 $000
Carrying amount at beginning of year		**1,867,674**	1,770,878
Net profit after income tax		**(156,783)**	210,652
Dividends paid	19(a)	**(124,756)**	(133,002)
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9	20(f)	**–**	27,861
Transfer to retained earnings on disposal of equity investments	20(f)	**–**	(8,715)
Carrying amount at end of year		**1,586,135**	1,867,674

Notes to the Financial Statements

for the year ended 31 July 2020

21. Financial risk management

Accounting policy

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

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

	NOTES	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $000	HEDGING DERIVATIVES $000	AMORTISED COST $000	FAIR VALUE THROUGH PROFIT & LOSS $000	TOTAL $000
Financial assets						
2020						
Cash and cash equivalents	15	–	–	**70,377**	–	**70,377**
Trade and other receivables		–	–	**48,883**	–	**48,883**
Equity investments	16	**193**	–	–	–	**193**
Derivative financial instruments	18	–	**54,764**	–	–	**54,764**
		193	**54,764**	**119,260**	–	**174,217**
2019						
Cash and cash equivalents	15	–	–	58,827	–	58,827
Trade and other receivables		–	–	80,628	19,285	99,913
Equity investments	16	723	–	–	–	723
Derivative financial instruments	18	–	190	–	–	190
		723	190	139,455	19,285	159,653
Financial liabilities						
2020						
Lease liabilities	17	–	–	**83,145**	–	**83,145**
Accounts Payable		–	–	**81,999**	–	**81,999**
Derivative financial instruments	18	–	–	–	–	–
Secured borrowings	17	–	–	**355,952**	–	**355,952**
		–	–	**521,096**	–	**521,096**
2019						
Lease liabilities	17	–	–	7,790	–	7,790
Accounts Payable		–	–	108,701	–	108,701
Derivative financial instruments	18	–	10,774	–	–	10,774
Secured borrowings	17	–	–	352,948	–	352,948
		–	10,774	469,439	–	480,213

21. Financial risk management (continued)

A. Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the 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 policy is to hedge up to 65% of anticipated transactions (export coal sales) in US dollars for the subsequent year, up to 57% of anticipated revenue beyond a year but less than two years and up to 50% for revenue beyond two years but less than three years. All hedges of projected export coal sales qualify as "highly probable" forecast transactions for hedge accounting purposes.

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

	2020 USD $000	2019 USD $000
Cash and cash equivalents	**17,647**	18,393
Trade receivables	**12,107**	36,975
Forward exchange contracts – sell foreign currency (cash flow hedges) [1]	**303,000**	503,000
Trade payables	**453**	1,711

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. 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 2020, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by $2,566,000/($3,136,000) (2019: $6,054,000/($4,953,000)), mainly as a result of foreign exchange gains/losses on translation of US dollar receivables and cash balances as detailed in the above table. The Group's equity as at balance date would have increased/(decreased) by the same amount.

Based on the forward exchange contracts held at 31 July 2020, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's equity would have increased/(decreased) by $38,137,000/($46,608,000) (2019: $79,647,000/($65,239,000)). 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 $26,000/($26,000) (2019: $72,000/($72,000)). The analysis is based on the assumption that the equity instrument had increased/decreased by 10% with all other variables held constant.

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

(iv) Fair value interest rate risk

Refer to note 21(e).

Notes to the Financial Statements

for the year ended 31 July 2020

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

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

	NOTES	2020 $000	2019 $000
Trade receivables		**48,883**	99,913
Cash at bank and short-term bank deposits	15	**70,377**	58,827
Derivative financial instruments	18	**54,764**	190

C. Liquidity risk

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

Financing arrangements

The Group's only significant external borrowings relate to secured loan facilities and leases detailed in note 17. The maturity of these arrangements are shown in (d) below.

D. Maturity of financial liabilities

The maturity groupings of derivative financial instruments are detailed in note 18.

Trade payables and accruals (note 8) are normally settled within 45 days of recognition. The Group's borrowings (note 17) comprise leases payable over a period of one to 22 years. The leases are fixed rate leases with a weighted average interest rate of 5.21%. The table below details the contractual cash flows of lease liabilities:

	0 TO 6 MONTHS $000	6 TO 12 MONTHS $000	1 TO 2 YEARS $000	2 TO 5 YEARS $000	AFTER 5 YEARS $000	TOTAL $000	CARRYING AMOUNT $000
Lease liabilities	5,720	7,236	7,375	13,487	96,545	130,363	83,145

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

E. Cash flow and fair value interest rate risk

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

Group sensitivity

If interest rates had been 2% higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 July 2020 would increase/(decrease) by $7,200,000/($5,040,000).

21. Financial risk management (continued)

F. Fair value measurements accounting policy

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:

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

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 July 2020 and 31 July 2019.

	LEVEL 1 $000	LEVEL 2 $000	TOTAL $000
2020			
Assets			
Derivatives used for hedging	–	**54,764**	**54,764**
Trade receivables – provisionally priced	–	–	–
Equity investments	**193**	–	**193**
Total assets	**193**	**54,764**	**54,957**
Liabilities			
Derivatives used for hedging	–	–	–
Total liabilities	–	–	–
2019			
Assets			
Derivatives used for hedging	–	190	190
Trade receivables – provisionally priced	–	19,285	19,285
Equity securities	723	–	723
Total assets	723	19,475	20,198
Liabilities			
Derivatives used for hedging	–	10,774	10,774
Total liabilities	–	10,774	10,774

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for the year ended 31 July 2020

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

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

22. Interests in other entities

Accounting policy

A. Subsidiaries

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

B. Joint arrangements

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

Joint operations

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

Lenton Joint Venture

A subsidiary of New Hope Corporation Limited has entered into a joint operation to develop the Burton Mine and Lenton Project area. The subsidiary has a 90% participating interest in this joint operation and is entitled to 90% of the output of the project. The Group's interests employed in the joint operations are included in the 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

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

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

Bengalla Joint Venture

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

23. Business combination

Accounting policy

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

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

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

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

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

A. Summary of acquisition

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

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

	30% $000	10% $000	TOTAL 40% $000
Purchase Consideration (refer 23(b) below)			
Total Purchase Consideration	645,147	193,275	838,422
The fair value of assets and liabilities recognised as a result of the acquisition are as follows:			
Cash	3,787	3,371	7,158
Trade and other receivables	13,721	5,239	18,960
Inventories	18,236	7,233	25,469
Property, Plant and Equipment	622,188	185,419	807,607
Intangibles	31,133	10,447	41,580
Accounts payable and accruals	(12,240)	(7,038)	(19,278)
Provisions	(31,678)	(11,396)	(43,074)
Net assets acquired	645,147	193,275	838,422

There are no acquisitions in the current period.

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Revenue and profit contribution

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

B. Purchase consideration

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

It is noted that incidental costs of acquisition were incurred of $47,729,000 (stamp duty $42,327,000, financial advice $4,516,000 and other costs of $886,000) and these cash flows were recognised as outflows from operating activities in the prior period.

Significant judgement and estimate – acquisition fair value

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

24. Discontinued operations

Accounting policy

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

A. Description

On 17 October 2018, two New Hope wholly owned subsidiaries, NEC and Colton Coal were placed into voluntary administration. Effective on this date, the Group lost control over these subsidiaries. The financial information relating to the discontinued operations for the period to 17 October 2018 is set out in notes 24(b) and 24(c).

24. Discontinued operations (continued)

B. Financial performance and cash flow information

	2019 $000
Revenue	26
Expenses	(2,828)
Loss before income tax	(2,802)
Income tax benefit	–
Loss after income tax from discontinued operations	(2,802)
Profit on loss of control of subsidiary after income tax (see (c) below)	3,022
Profit from discontinued operations	220
Other comprehensive income from discontinued operations	–
Net cash outflow from operating activities	(329)
Net cash inflow from investing activities	26
Net cash inflow from financing activities	303
Net cash flow from discontinued operations	–

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

C. Details of the disposal of the subsidiaries

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

25. Commitments

A. Capital commitments

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

	2020 $000	2019 $000
Property plant and equipment		
Within one year	**19,091**	16,372

B. Lease commitments: Group as lessee

Refer to note 32 for details of the Group's transition to AASB 16. Commitments disclosed as non-cancellable operation leases under AASB 117 have been recorded as lease liabilities from 1 August 2019, with the exception of short-term and low-value leases. Refer to note 17 for the maturity profile of the Group's lease liabilities at 31 July 2020.

Notes to the Financial Statements

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Non-cancellable operating leases

The Group leases port facilities and has a share in commitments for minimum lease payments relating to property, plant and equipment under non-cancellable leases expiring within five to 10 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The Group leases office space and equipment.

	2019 $000
Commitments for minimum lease payments in relation to non-cancellable leases as at 31 July 2019, prepared and reported under AASB 117, were payable as follows:	
Within one year	12,832
Later than one year but not later than five years	24,909
Later than five years	19,509
	57,250

C. Take or pay commitments

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

26. Events occurring after the reporting period

No events have occurred since 31 July 2020, which would require disclosure in the financial report.

27. 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 2020 owned 49.98% (2019: 50.01%) 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

Mr W.H. Grant

Ms J.E. McGill [1]

Mr T.C. Millner

Ms S.J. Palmer [2]

Mr I.M. Williams

Executive Directors

Mr S.O. Stephan

1 Ms J.E. McGill was appointed to the Board effective from 22 June 2020.

2 Ms S.J. Palmer's resignation from the Board was effective 25 November 2019.

27. Related party transactions (continued)

B. Key management personnel (continued)

(ii) Other key management personnel

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

NAME	POSITION	EMPLOYER
Mr S.O. Stephan	Managing Director	New Hope Corporation Limited
Mr A.L. Boyd	Chief Operating Officer	New Hope Corporation Limited
Mr M.J. Busch[1]	Chief Financial Officer	New Hope Corporation Limited
Mr B.C. Armitage	Chief Development Officer	New Hope Corporation Limited

1 Mr M.J. Busch resigned and his employment ceases on 12 October 2020. An acting CFO, Mr R.J. Bishop, has been appointed for an interim period from 20 July 2020 to 31 January 2021 and KMP from 1 August 2020.

(iii) Key management personnel compensation

	2020 $	2019 $
Short-term employee benefits	**5,473,694**	4,954,587
Long-term employee benefits	**15,851**	81,284
Post employment benefits	**186,040**	163,481
Share-based payment	**176,093**	493,290
	5,851,678	5,692,642

C. Transactions with related parties

	2020 $	2019 $
Reimbursement of expenses paid to Australian controlling entity (WHSP)	**92,400**	1,010
Payment for legal services rendered (Herbert Smith Freehills) [1]	**20,765**	135,440
Dividends paid to ultimate Australian controlling entity (WHSP)	**62,354,463**	66,511,427
Payment for consulting services rendered (Pitt Capital Partners Ltd)	**293,996**	4,956,369

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 retired as a partner 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 35 to 51.

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 2020 (2019: nil).

E. Terms and conditions

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

Notes to the Financial Statements

for the year ended 31 July 2020

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 2020 financial year. 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.

28. Share-based payments

Accounting policy

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

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

The fair value of the rights is determined based on the market price of shares at the grant date, with an adjustment made to take into account the vesting period, expected dividends during that period that will not be received by the participants and the probability that the performance conditions will be met. The fair value of options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect the market vesting condition, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates is recognised in profit or loss with a corresponding adjustment to equity.

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

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the relevant service and performance conditions. Service and performance conditions applicable to each issue of rights are determined by the Directors at the time of grant. Total expense arising from rights issued under the Rights Plan during the financial year was $691,180 (2019: $724,000).

28. Share-based payments (continued)

Rights

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

	2020		2019	
	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS	AVERAGE PRICE PER SHARE	NUMBER OF RIGHTS
As at 1 August	**$2.281**	**1,585,023**	$2.038	1,586,728
Granted during the year	**$2.150**	**1,195,431**	$3.010	432,148
Lapsed during the year	**$2.160**	**(26,532)**	$2.120	(165,562)
Forfeited during the year	**$2.160**	**(804,116)**	$2.120	(153,240)
Vested and exercised during the year	**$2.160**	**(441,715)**	$2.120	(115,051)
As at 31 July	**$2.279**	**1,508,091**	$2.281	1,585,023

The weighted average share price at the date of vesting of rights during the 2020 year was $2.54 (2019: $3.19).

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

			SHARE RIGHTS	
GRANT DATE	VESTING DATE	VALUE OF RIGHT AT GRANT DATE	2020	2019[1]
22 Dec 2016	1 Aug 2019	$0.804	**–**	468,247
26 Mar 2018	1 Aug 2020	$1.232	**684,628**	684,628
29 Mar 2019	1 Aug 2021	$1.472	**215,414**	432,148
29 Nov 2019	1 Aug 2022	$0.873	**300,611**	–
29 Nov 2019	1 Aug 2023	$0.994	**307,438**	–
Total			**1,508,091**	1,585,023
Weighted average remaining contractual life of rights outstanding at end of period			**1.2 years**	1.0 years

1 Comparative figures have been restated to accurately reflect forfeited shares in the 2019 financial year between Rights Plans.

29. Parent entity financial information

Accounting policy

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

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.

Notes to the Financial Statements

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A. Summary financial information

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

	2020 $000	2019 $000
Statement of Financial Position		
Current assets	**312,067**	542,301
Non-current assets	**1,179,649**	1,385,656
Total assets	**1,491,716**	1,927,957
Current liabilities	**489,855**	576,105
Non-current liabilities	**376,133**	353,650
Total liabilities	**865,988**	929,755
Shareholders' equity		
Issued capital	**96,692**	96,319
Reserves		
Share-based payment	**1,345**	1,031
Retained earnings	**527,691**	900,852
	625,728	998,202
Loss for the year	**(48,412)**	(35,982)
Total comprehensive loss	**(48,412)**	(35,982)

B. Guarantees entered into by parent entity

	2020 $000	2019 $000
Bank guarantees issued in relation to rehabilitation, statutory body suppliers and various other entities	**247,414**	234,397

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 17(d).

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

C. Contingent liabilities of the parent entity

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

CONTROLLED ENTITIES	2020 $000	2019 $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.	**247,414**	220,975
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**	13,422

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 2020, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling nil (2019: nil).

30. Deed of cross guarantee

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

A. Statement of 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 2020 for the closed group:

	2020 $000	2019 $000
Revenue from operations	**594,611**	602,676
Other income	**50**	3,259
	594,661	605,935
Expenses		
Cost of sales	**(307,426)**	(343,454)
Marketing and transportation	**(78,607)**	(88,544)
Administration	**(10,310)**	(12,758)
Financing costs	**(26,354)**	(21,046)
Other expenses	**15,946**	(21,675)
Impairment of assets	**(347,116)**	(119,332)
Loss before income tax	**(159,206)**	(874)
Income tax benefit/(expense)	**48,242**	(40,204)
Loss after income tax for the year	**(110,964)**	(41,078)
Other comprehensive income/(loss)		
Items to be reclassified to profit and loss		
Changes in the fair value of cash flow hedges, net of tax	**15,320**	(17,104)
Transfer to profit or loss for cash flow hedges, net of tax	**(6,782)**	6,456
Other comprehensive income/(loss) for the year, net of tax	**8,538**	(10,648)
Total comprehensive (loss) for the year	**(102,426)**	(51,726)

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B. Statement of Financial Position

Set out below is a Statement of Financial Position as at 31 July 2020 of the closed group:

	2020 $000	2019 $000
Current assets		
Cash and cash equivalents	**47,916**	50,387
Trade and other receivables	**265,351**	454,011
Derivative financial instruments	**8,431**	–
Inventories	**22,501**	61,869
Current tax assets	**15,841**	–
Total current assets	**360,040**	566,267
Non-current assets		
Receivables	**964,195**	1,098,659
Other financial assets	**48,837**	129,477
Property, plant and equipment	**418,867**	427,634
Intangible assets	**7,341**	7,753
Exploration and evaluation assets	**40,724**	81,159
Deferred tax assets	**59,512**	60,241
Total non-current assets	**1,539,476**	1,804,923
Total assets	**1,899,516**	2,371,190
Current liabilities		
Accounts Payable	**27,922**	52,157
Derivative financial instruments	**–**	3,520
Borrowings	**8,769**	2,532
Current tax liabilities	**–**	5,817
Provisions	**33,936**	72,432
Total current liabilities	**70,627**	136,458
Non-current liabilities		
Borrowings	**427,161**	358,206
Provisions	**128,175**	148,493
Total non-current liabilities	**555,336**	506,699
Total liabilities	**625,963**	643,157
Net assets	**1,273,553**	1,728,033
Equity		
Contributed equity	**92,600**	92,302
Reserves	**35,700**	35,081
Retained earnings	**1,145,253**	1,600,650
Total equity	**1,273,553**	1,728,033

31. 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

	2020 $	2019 $
Audit or review of financial reports:		
Group	**529,420**	612,150
Subsidiaries and joint operations	**121,067**	84,400
	650,487	696,550
Other services		
Sustainability and other advisory services	**113,416**	64,382
	113,416	64,382
	763,903	760,932

B. Other auditors and their related network firms

Audit or review of financial reports:		
Subsidiaries and joint operations	–	77,000
	–	77,000

32. Other accounting policies

A. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the 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.

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.

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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 OCI.

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.

C. New accounting standards and interpretations adopted

This note explains the impact of the adoption of AASB 16 on the Group's financial statements. New accounting policies that have been applied from 1 August 2019 are disclosed in notes 10 and 17.

AASB 16 *Leases* – impact on adoption

AASB 16 is mandatory for financial years commencing on or after 1 January 2019 and the date of first application of the standard for the Group is 1 August 2019. The cumulative catchup approach has been used and comparative amounts for the year ended 31 July 2019 will not be restated upon initial adoption. The right-of-use asset has been measured as equal to the right-of-use liability and therefore there is no retained earning opening adjustment.

On initial application of AASB 16, the Group has:

(i) Recognised lease liabilities in the consolidated statement of financial position, measured at present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application;

(ii) Recognised right-of use assets in the statement of financial position, at an amount equal to the lease liability at the date of initial application; and

(iii) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated Statement of Comprehensive Income.

The only exceptions are short-term and low-value leases. The Group has applied a practical expedient such that any leases with a term less than 12 months at the date of initial adoption have been treated in line with short-term leases. Where the Group has previously identified an arrangement as a lease under AASB 117 it has not reviewed these contracts and has treated these as leases under the new standard.

AASB 16 primarily affects the accounting for the Group's operating leases. As at 31 July 2019, the Group held non-cancellable operating lease commitments. The Group holds within these lease commitments a number of short-term leases and low value assets which will be recognised on a straight-line basis as an expense in profit or loss over the life of the lease. For the remaining lease commitments that exist at the reporting date, Statement of Financial Position right-of-use assets of $71,089,000, with lease liabilities of $71,089,000 in respect of the initial adoption have been recognised in note 17(b).

In recognising these amounts, the Directors have made certain assumptions and judgements in relation to economic conditions including, but not limited to: the incremental borrowing rates (IBR), composition of the lease portfolio, and non-cancellable lease terms that may cause the actual output to differ from that concluded in 2020. The weighted average IBR adopted by the Group on adoption is 4.9%.

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32. Other accounting policies (continued)

C. New accounting standards and interpretations adopted (continued)

The adoption of AASB 16 affects the Group's Statement of Comprehensive Income and classification of cash flows going forward. Operating cash flows are likely to increase and financing cash flows to decrease as repayment of the principal portion of the lease liabilities is classified as cash flows from financing activities. Interest costs associated with the lease liabilities remains classified as cash flows from operating activities.

Leases that were classified as finance leases applying AASB 117: the carrying amount of the leased assets and obligations under finance leases measured applying AASB 117 immediately before the date of initial application have been reclassified to right-of-use assets and lease liabilities respectively without any adjustments. The right-of-use asset and the lease liability are accounted for applying AASB 16 from 1 August 2019.

The impact on asset, liability and profit and loss accounts arising from initial adoption of AASB 16 is presented below:

Right-of-use assets	2020 $000
Initial Adoption	
Finance lease assets previously accounted for under AASB 117	**6,430**
Operating lease assets on adoption of AASB 16	**71,089**
Total right-of-use assets recognised at 1 August 2019	**77,519**
Additions	**15,215**
Depreciation	**(11,586)**
Total right-of-use asset closing balance	**81,148**

Lease liabilities	
Initial Adoption	
Finance lease liabilities previously accounted for under AASB 117	**7,790**
Operating lease assets on adoption of AASB 16	**71,089**
Total lease liabilities recognised at 1 August 2019	**78,879**
Additions	**15,215**
Interest expense on lease liabilities	**3,926**
Instalments on lease liabilities	**(14,875)**
Total lease liabilities closing balance	**83,145**

The weighted average incremental borrowing rate used at the time of transition is 4.9%

Reconciliation of operating lease commitments to right-of-use asset and lease liability recognised on adoption of AASB 16	
Operating lease commitments at 31 July 2019	**57,250**
Short-term and low value lease commitments excluded on adoption of AASB 16	**(1,814)**
Property lease rent out-goings and related costs excluded on adoption of AASB 16	**(466)**
Commitment to restoration on leased property	**163**
Commitment arising from lease extension assumptions on adoption of AASB 16	**56,034**
Total lease commitments at 1 August 2019	**111,167**
Discount arising from incremental borrowing rate applied at the date of adoption at 1 August 2019	**(40,078)**
Value of right-of-use assets and liabilities recognised on adoption of AASB 16	**71,089**

Directors' Declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 56 to 118 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2020 and of their performance, for the financial year ended on that date; and

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

The Basis of preparation on page 60 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by *ASIC Class Order 98/1418*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 30 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

R.D. Millner
Director

Sydney
21 September 2020

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New Hope Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 July 2020, 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 2020 and of their financial performance for the year then ended; and

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

Basis of 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.

Independent Auditor's Report

to the members of New Hope Corporation Limited

KEY AUDIT MATTER	
Carrying value of non-current assets *Refer to notes 3, 10, 11, 12 and 13 of the financial report.* As at 31 July 2020 the Group has property, plant and equipment (PPE) of $2,085 million, exploration and evaluation (E&E) assets of $94 million, and intangible assets of $81 million, which have been allocated across the Group's cash generating units ("CGUs") and areas of interest. Following a decline in commodity prices in the year ended 31 July 2020 and the continued delays in obtaining the mining lease approval for New Acland Stage 3, the Group performed an assessment for indicators of impairment and, where required, detailed impairment assessments for the relevant CGUs. As disclosed in notes 10,11 and 12 respectively, the Group has consequently recorded an impairment charge of $347 million made up of $114 million on PPE, $220 million on E&E and $12 million on intangible assets. Recoverable amounts of the CGUs have been calculated using fair value less costs of disposal (including commodity resource multiple) 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. As disclosed in note 13, a specific area of judgement during the year has been the Group's assessment of the impact of the legal environment and approval timelines relating to the New Acland Stage 3 mine lease application on the recoverability of assets associated with the Queensland Coal Mining Operations CGU.	Our audit procedures included, but were not necessarily limited to: ▪ Evaluating management's assessment of impairment indicators including the conclusions reached; ▪ Testing the design and implementation of key controls management have in place for identifying indicators of and assessing impairment; ▪ Evaluating management's process for determining the recoverable amount of each CGU; ▪ Engaging our valuation specialists to assist with assessing the reasonableness of management's key market related assumptions including future commodity prices, foreign exchange rate forecasts, discount rates, comparable transaction multiples, and commodity resource multiples. This included benchmarking against external data; ▪ Assessing and challenging the key assumptions within management's modelling, which included performing sensitivity analysis and comparing key assumptions to historical actual performance and market benchmarks; ▪ Assessing management's ability to forecast accurately based on historical actual performance to budget; ▪ In relation to the Queensland Coal Mining Operations CGU, assessing the Group's progress in obtaining relevant mining leases, and, in relation to the Group's mining lease application for New Acland Stage 3, evaluating management's assessment of the impact of the changes to the project's legal and regulatory environment and timelines including: – Obtaining an understanding of the status of the overall mine lease application and legal processes; – 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; – Performing sensitivity analysis on the scenario and probability assessments to consider its impact on the assets' recoverable amount; ▪ Verifying the mathematical accuracy of management's modelling on a sample basis; ▪ Comparing the relevant CGU's recoverable amount against carrying values and recalculating the impairment charge where relevant; and ▪ Assessing the appropriateness of the disclosures in notes 10, 11, 12 and 13 of the financial report.

Independent Auditor's Report

to the members of New Hope Corporation Limited

KEY AUDIT MATTER	
Rehabilitation provision *Refer to note 14 of the financial report.* As at 31 July 2020 the Group has provisions for mining restoration and rehabilitation of $249 million. 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.	Our audit procedures included, but were not necessarily limited to: ▪ Evaluating management's process and assessing the design and implementation of key controls management have in place for determining the rehabilitation provisions; ▪ Evaluating the independence, competence and objectivity of management's expert and challenging the reasonableness of the assumptions used to produce the cost estimates prepared; ▪ Validating the assumptions used to calculate the discount rates and recalculating these rates; ▪ Confirming the existence of legal and/or constructive obligations and obtained an understanding of the relevant legislative requirements with respect to the restoration and rehabilitation for each site; ▪ Assessing the appropriateness of the cost estimate associated with the restoration and rehabilitation of each site; and ▪ Assessing the appropriateness of the disclosures in note 14 to the financial statements.
Liquidity disclosures *Refer to the basis of preparation and Note 17 of the financial report.* At 31 July 2020 the Group has cash and cash equivalents of $70 million, secured loans of $356 million and access to undrawn facilities of $150 million. The Group has certain debt covenants it is required to comply with as a result of its financing arrangements. As described in the basis of preparation of the financial report, the financial statements have been prepared by the Group on a going concern basis requiring the directors to make judgements relating to future cash flows and financing facilities available to the Group for a period of 12 months from the date of this report. In so doing the directors have needed to make assumptions about future performance and compliance with banking covenants, including variables such as forecast commodity production, commodity prices and foreign exchange rates.	Our audit procedures included, but were not necessarily limited to: ▪ Assessing the process undertaken by management to develop the budget and cash flow forecasts for the 12 months from the date of our audit opinion; ▪ Enquiring of management and the Board of Directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern; ▪ Reading the key terms associated with the Group's financing arrangements, including covenant waivers obtained by the Group in relation to its future covenant compliance and assessing the amount of the facilities available for drawdown over the forecast period; ▪ Assessing and challenging judgements made in relation to forecast cashflow and performance including consideration of historical performance, assumptions in relation to forecast commodity prices, foreign exchange rates and consistency with other relevant information; and ▪ Assessing the appropriateness of the Group's going concern basis of preparation disclosures for the financial statements for consistency with Australian Accounting Standards.

Independent Auditor's Report

to the members of New Hope Corporation Limited

Other Information

The directors are responsible for the other information. The other information comprises the Financial Summary, Directors' Report, Tax Contribution Report, Chairman's Review, Shareholder Information and Sustainability Highlights included in the Group's annual report for the year ended 31 July 2020, but does not include the financial report and our auditor's report thereon.

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 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, 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

to the members of New Hope Corporation Limited

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.

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 35 to 51 of the Directors' Report for the year ended 31 July 2020.

In our opinion the Remuneration Report of New Hope Corporation Limited for the year ended 31 July 2020, 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, 21 September 2020

Shareholder information

as at 16 September 2020

Ordinary shareholdings

As at 16 September 2020 there were 14,401 holders of ordinary shares in the Company.

Voting entitlement is one vote per fully paid ordinary share.

RANGE OF UNITS – ORDINARY SHARES[1]	NUMBER OF SHAREHOLDERS	FULLY PAID ORDINARY SHARES	NUMBER OF PERFORMANCE RIGHTS HOLDERS	PERFORMANCE RIGHTS
1–1,000	3,304	1,814,456	–	–
1,001–5,000	4,950	14,674,218	–	–
5,001–10,000	2,809	21,405,471	–	–
10,001–100,000	3,090	85,610,909	2	101,511
100,001 and over	232	708,852,028	4	721,952
	14,385	832,357,082	6	823,463
Holding less than a marketable parcel[1]	421	308,198		

1 Information as at 31 August 2020.

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

SHAREHOLDER	NUMBER OF SHARES	%
Washington H Soul Pattinson and Company Limited	**415,696,418**	49.94%

20 LARGEST SHAREHOLDERS AS DISCLOSED ON THE SHARE REGISTER AS AT 16 SEPTEMBER 2020	NUMBER OF SHARES	%
Washington H Soul Pattinson and Company Limited	**397,096,418**	47.71%
HSBC Custody Nominees (Australia) Limited	**51,141,629**	6.14%
J P Morgan Nominees Australia Pty Limited	**48,135,730**	5.78%
Citicorp Nominees Pty Limited	**31,522,528**	3.79%
National Nominees Limited	**24,671,597**	2.96%
National Nominees Limited <N A/C>	**18,600,000**	2.23%
BKI Investment Company Limited	**17,950,952**	2.16%
Farjoy Pty Ltd	**15,500,000**	1.86%
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	**11,773,511**	1.41%
Domer Mining Co Pty Limited	**10,000,000**	1.20%
Mr Kenneth Joseph Hall <Hall Park A/C>	**5,000,000**	0.60%
BNP Paribas Noms Pty Ltd <DRP>	**4,545,010**	0.55%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	**4,015,584**	0.48%
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	**2,982,914**	0.36%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	**2,878,307**	0.35%
Brispot Nominees Pty Ltd <House Head Nominee A/C>	**2,301,158**	0.28%
Neale Edwards Pty Ltd	**2,250,000**	0.27%
J S Millner Holdings Pty Limited	**2,229,197**	0.27%
Brazil Farming Pty Ltd	**2,203,077**	0.26%
Taiheiyo Kouhatsu Inc	**2,054,000**	0.25%
	656,851,612	78.91%

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	**823,463**	6

Glossary

ACRONYM	MEANING
AASB	Australian Accounting Standards Board
APC	Acland Pastoral Co. Pty Ltd
APES	Accounting professional and ethical standard
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
AWL	Associated Water Licence
bbl	Barrels
BCM	Bank cubic meters
BMC	Bengalla Mining Company Pty Ltd
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating units
CODM	Chief Operating Decision Maker
Colton Coal	Colton Coal Pty Ltd
COO	Chief Operating Officer
cps	Cents per share
DEHP	Department of Environment and Heritage Protection
DES	Department of Environmental Science
DNRM	Department of Natural Resources, Mines and Energy
DOCA	Deed of Company Agreement
DOCG	Deed of Cross Guarantee
EA	Environmental Authority
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECL	Expected credit losses
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*
FVLCD	Fair value less cost to dispose
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GST	Goods and Services Tax
ha	Hectare
HELE	High Efficiency Low Emission
HRRC	Human Resources and Remuneration Committee
IASB	International Accounting Standards Board

Glossary

ACRONYM	MEANING
IFRIC	International financial reporting interpretations committee
IFRS	International Financial Reporting Standards
Jeebropilly	Jeebropilly Collieries Pty Ltd
JORC	Joint Ore Reserves Committee
KMP	Key management personnel
KPI	Key performance indicator
LTI	Long-term incentives
LTI	Lost time Injury
M	Million
Mboe	Thousand barrels of oil equivalent
MD	Managing Director
ML	Mining leases
Mt	Million tonnes
mtpa	Million tonnes per annum
NAC	New Acland Coal Pty Ltd
NAC03	New Acland Stage 3 Project
NCI	Non-controlling interest
NEC	Northern Energy Corporation Limited
NHCL	New Hope Corporation Limited
OCAA	Oakley Coal Action Alliance
OCI	Other comprehensive income
PRM	Personal Risk Management
PRMS	Petroleum Reserves Management System
QBH	Queensland Bulk Handling Pty Ltd
RIDA	Regional Interests Development Approval
SPE	Society of Petroleum engineers
STI	Short-term incentives
TCFD	Taskforce on Climate related Financial Disclosures
TFA	Tax funding agreements
TFR	Total fixed remuneration
TRIFR	Total recordable injury frequency rate
TSA	Tax sharing agreements
TSR	Total shareholder return
USD	US Dollar
VIU	Value in use
WHSP	Washington H. Soul Pattinson and Company Pty Ltd
WICET	Wiggins Island Coal Export Terminal

Tenements

PROJECT NAME	TENEMENT	BASIN	DESCRIPTION
COAL			
Bee Creek	EPC777	Bowen Basin	The Bee Creek Project is in the Bowen Basin, Queensland, approximately 100km south west of Mackay, and west of the Nebo Township. In terms of surrounding tenures, EPC777 is immediately east of South Walker Creek Mine. Hail Creek Mine is located to the north of EPC777.
Churchyard Creek	EPC1876	Bowen Basin	The Churchyard Creek tenement is located approximately 45km north of the town of Blackwater in Central Queensland. The primary focus of New Hope Group's exploration program is to evaluate the economic potential of EPC1876.
Chuwar	ML4659 ML4662 ML4667 ML4668	Clarence-West Moreton Basin	The Chuwar leases were operated from 1980 to 1984. In 2013 New Hope Collieries Pty Ltd, following extensive consultation with the Department of Natural Resources, Mines and Energy and the Department of Environment and Science, commenced final rehabilitation of the site. Rehabilitation monitoring and maintenance is ongoing.
Collingwood	EPC1322 EPC640	Surat Basin	The Collingwood Project is located approximately 15km north of the township of Wandoan, Queensland. The New Hope Group acquired full ownership of the Collingwood Project in 2015. The Surat Basin has been identified by New Hope Group as a strategic investment opportunity. The pre-feasibility study for the North Surat Project consisting of Elimatta, Taroom, Collingwood and Woori was completed during the year.
Culgowie	EPC1205	Surat Basin	Culgowie is located approximately 375 km west,north-west of Brisbane and approximately 10–15 km north of the town of Wandoan. The tenure lies in the northern Surat Basin of South-East Queensland. New Hope Group considers Culgowie to be a key component of the Elimatta Project due to its proximity to the Leichhardt Highway and the proposed Surat Basin Rail.
Elimatta	EPC1171 EPC1603 ML50254 ML50270 ML50271	Surat Basin	The Elimatta Project is located in the Western Downs Regional Council area in Southern Queensland, approximately 45 km south-west of Taroom. The Elimatta Project is based on the development of a thermal coal resource (JORC 2004 compliant within the Juandah Formation in the Surat Basin. The pre-feasibility study for the North Surat Project consisting of Elimatta, Taroom, Collingwood and Woori was completed during the year.
Inglewood	EPC970	Surat Basin	The town of Millmerran is 25 km to the north of EPC970: Darling Downs. The EPC extends some 10km west and 50km south of the town. The primary focus of New Hope Group's exploration program is to further evaluate the economic potential of EPC970.
Jandowae	EPC760	Surat Basin	The tenement lies approximately 30km northwards across the township of Jimbour. This tenure continues to be explored for thermal coal deposits along with the wider Darling Downs Project area.

Tenements

PROJECT NAME	TENEMENT	BASIN	DESCRIPTION
Jeebropilly	ML4677 ML4689 ML4690 ML4705 ML4710 ML4711 ML50082 ML50093 ML50132 ML50133 ML7186 PFL17	Clarence-West Moreton Basin	Jeebropilly Collieries Pty Ltd owns and operates the Jeebropilly Mine, which is located near Amberley, in the city of Ipswich. In South East Queensland. Mining has been conducted at Jeebropilly since the late 1970s. The current Project consists of 11 mining leases and one Petroleum Facility Licence. The Project is a thin seam open cut operation utilising truck and shovel methodology to extract thermal coal, which is predominantly sold to the export market. The Project went into a care and maintenance period in 2007 and recommenced operations in 2008. Mining at Jeebropilly ceased in December 2019.
New Acland	EPC1136 EPC762 EPC919 MDL244 ML50170 ML50216 MLA50232 MLA700002	Surat Basin	The New Acland Project is located north-west of Oakey, Queensland. Open cut coal mining activities are conducted on MLs 50170 and 50216. New Acland Coal mine transports product coal from the mine by rail and road and supplies coal to export and domestic markets.
Lenton JV	EPC1675 EPC766 EPC865 ML70337 EPC857 MDL315 MDL349 ML70109 ML70260 MLA700053 MLA700054	Bowen Basin	This Project is located in the Bowen Basin Coalfields, approximately 65 km north-west of Nebo and 20 km south of Glenden in Central Queensland. The Project will produce coking and thermal coal for export.
New Oakleigh	ML4568 ML4584 ML4675 ML4683 ML4698 ML4699 ML50175	Clarence-West Moreton Basin	New Oakleigh Coal Pty Ltd, a wholly owned subsidiary within the New Hope Group, is the holder of the seven mining leases associated with the New Oakleigh Coal Mine. The mine is located approximately 2km north west of the town of Rosewood, in south-east Queensland. Last coal was extracted from the New Oakleigh Coal Mine in December 2012. Progressive rehabilitation was carried out in parallel with mining operations to 2012. Rehabilitation of the site by New Oakleigh Coal Pty Ltd is ongoing.
Pittsworth	EPC761	Surat Basin	The Pittsworth Project is located in the Darling Downs region of South East Queensland. The primary focus of New Hope Exploration Pty Ltd 's exploration program is to further evaluate the economic potential of the Pittsworth Project tenures.

Tenements

PROJECT NAME	TENEMENT	BASIN	DESCRIPTION
Taroom	MDL158 MDL275	Surat Basin	The Taroom Project is located 9km east south-east of the town of Taroom. The Taroom Project is being assessed as part of a program of assets including Elimatta, Collingwood and Woori. The pre-feasibility study for the North Surat Project consisting of Elimatta, Taroom, Collingwood and Woori was completed during the year.
Taroom East	EPC2207	Surat Basin	EPC2207 is located 13km south-east of Taroom, within the Shire of Banana. EPC2207 is part of the Taroom Project.
Woori	MDL187	Surat Basin	New Hope Group acquired full ownership of the Woori Project in 2015. The Surat Basin has been identified by New Hope Group as a strategic investment opportunity. The pre-feasibility study for the North Surat Project consisting of Elimatta, Taroom, Collingwood and Woori was completed during the year.
Yamala	EPC927 MDL3007	Bowen Basin	The Yamala Project is located approximately 35km east MDL3007 of Emerald, and 6km west of the town of Comet. The Project tenures lie in the central Bowen Basin, Queensland. The primary focus of New Hope Group 's program for the Yamala Project is to further evaluate its economic potential.
Bengalla	ML1728 ML1450 ML1729 ML1397 ML1469 ML1711	Hunter Valley	Bengalla is a single pit open cut mine, using a dragline, truck and excavator method. Geologically, the operation is situated in the Permian, Sydney Basin and mines the Whittingham Coal Measures of the Hunter Coalfields.
OIL & GAS			
Cuisinier	PL303/PL1028	Eromanga	64 km^2/12 km^2 total – Bridgeport holds a 15% interest in the Cuisinier Field, located on the northern flank of the Cooper Basin. The field is operated by Santos.
Inland	PL98	Eromanga	40 km^2 – Bridgeport operates the Inland oil field, which is located on the northern flank of the Cooper Basin.
Utopia	PL214	Eromanga	220 km^2 total – PL214 is located southeast of the township of Eromanga in southwestern Queensland.
Bodalla South	PL31	Eromanga	258 km^2. Bodalla South is located 25km northeast of the IOR refinery in the township of Eromanga.
Kenmore	PL32	Eromanga	258 km^2. Kenmore is located 20 km east of the IOR refinery in the township of Eromanga.
Black Stump	PL47	Eromanga	28 km^2. Black Stump is located immediately northeast of the township of Eromanga.
Marcoola/ Glenvale/Coolum/ Byrock	PL1064 (PLs482/ 483/484)	Eromanga	30 km^2. These four fields, in the vicinity of Kenmore-Bodalla South, are in the process of being converted into one petroleum lease (1064).

Tenements

PROJECT NAME	TENEMENT	BASIN	DESCRIPTION
Bargie	PL1063	Eromanga	15 km². Bargie is located 25km east of the Bodalla South field. PL is being converted to the new Act.
Jackson	Naccowlah PLs	Eromanga	1,634 km². Bridgeport holds 2% of the Naccowlah oil production project, comprising 25 separate petroleum leases.
Maslins	PEL641	Cooper-Eromanga	1,954 km². Tenement was granted in 2018 and has been put in suspension to allow time to farm-out interest.
Playford	PEL630	Cooper-Eromanga	393 km² – This exploration tenement is located on the prospective Western flank of the Cooper Basin and is operated by Beach Energy. BEL WI = 50%.
Barta	ATP752/ PCA206/207	Eromanga	381 km². This exploration block (BEL 15%) is adjacent to the Cuisinier oil field. Santos operates ATP 752.
Wompi/Nubba/ Yilgarn	ATP752/ PCA155	Eromanga	91 km². Bridgeport holds 17.5% of this gas project, which is operated by Santos.
Ammonite	ATP736 ATP737 ATP738 ATP2025 ATP2026 PCA186-195	Eromanga	8,497 km² – Bridgeport farmed out 75% and operatorship of this shale oil exploration project to Origin Energy.
Naccowlah Block	ATP1189	Eromanga	314 km² – Bridgeport holds 2% interest in exploration tenement ATP 1189 that is located in the vicinity of the Jackson production facility, operated by Santos.
Morney	ATP2022	Eromanga	441 km² – Adjacent to the Inland oil field.
Akama	ATP2023	Cooper	434 km². Recently granted exploration block adjacent to the Naccowlah oil project. Farmed out agreement signed for 20% interest.
Vali	ATP2021	Cooper-Eromanga	370 km². ATP 2021 (BEL 25%) hosts the recently discovered Vali gas field, which will commence development in calendar year 2020.
Olba	ATP2024	Eromanga	421 km². Recently granted exploration block adjacent to the Naccowlah oil project. Farmed out agreement signed for 20% interest.
Moonie	PL1 (1)	Surat	201 km² – PL1 is located in the eastern Surat Basin of southeast Qld.
Cabawin	PL1 (2) PL1 (2) FO	Surat	1 km²/54 km². This Bridgeport-operated oil field is currently shut-in, but is being technically assessed for future work and subsequent production. BEL interest in PL1 (2) is 100% and interest in PL1 (2) FO is 83.3%.
Rookwood	ATP608/ PCA156	Surat	153 km². ATP 608 contains the Rookwood oil field, which produced oil on extended test prior to being shut-in by the prior operator.

Tenements

PROJECT NAME	TENEMENT	BASIN	DESCRIPTION
Donga	ATP805/ PCA161	Surat	152 km^2 – ATP 805 contains the Donga oil field, which produced oil on test prior to being shut-in by the previous operator.
Boxleigh	PL15 FO	Surat	259 km^2. Bridgeport holds 25% of this AGL-operated non-producing petroleum lease, excluding Boxleigh gas field.
Cabawin East	ATP2036	Surat	299 km^2. This exploration block is located on the eastern side of the Surat-Bowen Basin in southeast Queensland.
Odin	PRL211	Cooper Basin	99 km^2 – This gas-prone tenement in South Australia is immediately west of the Vali discovery in ATP 2021 (BEL 21.25%).
Digby	PEP150	Otway	3,210 km^2 – PEP 150 will be reactivated on 1 July 2021 when the drilling moratorium is lifted (BEL 50%).
Arkarua	PEP151	Otway	858 km^2 – PEP 151 will be reactivated on 1 July 2021 when the drilling moratorium is lifted.
Bonanza	VIC/P007191(V)	Otway	439 km^2 – This nearshore State waters block was granted in July 2020. The tenement is located south and east of Portland, Victoria.

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