New Hope
Corporation Limited

A.B.N. 38 010 653 844

2011

Directors' Annual Report
and
Financial Statements

New Hope Corporation Limited and Controlled Entities
Corporate Directory

DIRECTORS
Robert D. Millner
Chairman of Directors

Peter R. Robinson
Non Executive Director

David J. Fairfull
Non Executive Director

David C. Williamson
Non Executive Director

William H. Grant
Non Executive Director

MANAGING DIRECTOR
Robert C. Neale

SECRETARY
Matthew J. Busch

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

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ASX Code: NHC

New Hope Corporation Limited and Controlled Entities

Financial Summary

	2011 $000	2010 $000	2009 $000	2008 $000
Total revenue	662,404	744,982	700,785	329,787
Profit before tax	719,097	244,583	2,772,114	128,729
Income tax expense	(215,998)	(60,751)	(821,722)	(38,045)
Profit after tax	503,099	183,832	1,950,392	90,684
Profit\(Loss) attributable to minority interests	(135)	-	-	-
Net profit attributable to NHCL members	503,234	183,832	1,950,392	90,684
Profit after tax from continuing operations	503,099	183,832	1,950,392	90,684
Total assets employed	2,749,248	2,652,498	3,743,342	990,561
Shareholders' funds	2,367,383	2,339,525	2,748,498	827,607
Dividends paid during the financial year	197,180	679,650	131,809	62,661

	2011	2010	2009	2008
Weighted average shares on issue	830,127,809	825,292,601	811,614,188	808,539,516
Net profit attributable to NHCL members as a % of shareholders' funds	21.26%	7.86%	70.96%	10.96%
Earnings per share (cents)	60.6	22.3	240.3	11.2
Earnings per share (cents) from continuing operations	60.6	22.3	240.3	11.2
Normal dividends per share (cents)	10.25	9.50	9.25	5.75
Special dividends per share (cents)	15.00	14.00	72.75	8.00
Net tangible asset backing per share (cents)	278.55	281.79	335.58	101.11

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st July 2011

Your Directors present their report on the consolidated entity consisting of New Hope Corporation Limited and the entities it controlled at the end of, or during, the year ended 31 July 2011.

Directors

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

Mr R.D. Millner
Mr P.R. Robinson
Mr D.J. Fairfull
Mr D.C. Williamson
Mr W.H. Grant
Mr R.C. Neale

Consolidated results	2011 $000	2010 $000	% Change
Total continuing revenue	662,404	744,982	- 11.1%
Profit from continuing operations before income tax	719,097	244,583	+ 194.0%
Profit from continuing operations after income tax	503,099	183,832	+ 173.7%
Profit attributed to the members of New Hope Corporation Limited	503,234	183,832	+ 173.7%
Earnings per share (cents)	60.6	22.3	+ 171.7%
Final dividend (cents)	5.00	4.50	+ 11.1%
Interim dividend (cents)	5.25	5.00	+ 5.0%
Special dividend (cents)	15.00	14.00	+ 7.1%
Total dividends (cents)	25.25	23.50	+ 7.4%

Principal activities

The principal continuing activities of the consolidated entity and associated companies consisted of:

- Coal mining - exploration, development, production, processing, associated transport infrastructure and ancillary activities
- Investments

Dividends

Dividends paid to members during the financial year were:	$000
• A final ordinary dividend for the year ended 31 July 2010 of 4.5 cents per share paid on 9 November 2010	37,361
• A special dividend for the year ended 31 July 2010 of 14.0 cents per share paid on 9 November 2010	116,232
• An interim ordinary dividend for the year ended 31 July 2011 of 5.25 cents per share paid on 4 May 2011	43,587

In addition to the above dividends, since the end of the financial year, the Directors have declared a final ordinary dividend of 5.0 cents per share, and a special dividend of 15.0 cents per share. Both of these dividends are fully franked, to be paid on 8 November 2011 out of retained profits at 31 July 2011, the record date for such dividend to be 24 October 2011. This will provide shareholders of New Hope with total dividends for the year of 25.25 cents per share (5.25 cents interim) compared with total dividends for the 2010 year of 23.5 cents per share, including a special dividend of 14.0 cents per share.

Review of operations

New Hope Corporation Limited (New Hope) has reported a net profit after tax for the year ending 31st July 2011 of $503.1 million including non-recurring items (2010 - $183.8 million) representing an increase of 174%.

The non recurring items include the sale of the Arrow Energy shares for a NPAT of $329.4 million and the sale of a 10% equity share in the Lenton project for a NPAT of $40.3 million.

Basic earnings per share for 2011 were 16.1 cents compared to 22.3 cents per share earned in the previous corresponding period.

Directors have declared a final dividend of 5.0 cents per share (2010 - 4.5 cents per share) and a special dividend of 15.0 cents per share (2010 - 14.0 cents per share). Both of these dividends are fully franked and payable on 8 November 2011 to shareholders registered as at 24 October 2011.

Net profit after tax before non-recurring items for the year ending 31st July 2011 was $146.9 million. This included $76.9 million from operations and $70.0 million from investments. Corresponding performance in 2010 was a net profit of $183.8 million ($112.6 million from operations and $71.2 million from investments). The 2011 performance represented a 20% reduction over that achieved in 2010.

Compared to the previous corresponding period, the full year result for 2011 was impacted by:
- Reduced total coal sales (down 4%), but increased export sales (up 2 % to a record level of 5.0 million tonnes);
- Increased operating costs (particularly transport costs);
- Increased USD coal prices offset by higher AUD:USD exchange rate;
- Extended wet weather and localised flooding at all mining operations;
- Closure of the West Moreton Coal System from New Acland mine from mid January until mid March. This was due to a significant number of landslides and washouts as a result of the rain and floods.

Mining Operations
Total clean coal production from New Hope's operations in 2011 was 5.64 million tonnes. This was 5% lower than for 2010. Production at all operations was negatively impacted by rain in December 2010 and January 2011. While site flooding was controlled, significant effort was directed to water management, haul road maintenance and control of in pit conditions. Performance has rebounded since February, with coal production during the last quarter of 2011 being at record levels at New Acland mine.

Total sales for 2011 were 5.65 million tonnes (5.00 million tonnes export and 0.65 million tonnes domestic). This compared to 5.88 million tonnes in 2010. The export tonnage achieved in 2011 is a record for New Hope and represents an excellent recovery from the flood events in early 2011.

New Acland Mine
The New Acland open cut mine produced 4.54 million tonnes of clean coal in 2011. This was a 3% reduction over that achieved in 2010, predominantly due to rain events.

Key activities undertaken in 2011 have included:
- Development of the mine into the South Pit;
- Preparation for development of the mine into Center Pit;
- Increased levels of dozer push, including purchase of an additional dozer;
- Introduction of a new explosive supplier and contractor;
- Rehabilitation of over 170 hectares of land which is being returned to cattle grazing;
- Replacement of the tertiary sizer in No. 1 coal preparation plant;
- Ongoing negotiations for a new Enterprise Bargaining Agreement;
- Introduction of a vehicle proximity detection system for major mobile mining fleet.

West Moreton Mines
The West Moreton operations comprising Jeebropilly and New Oakleigh open cut mines produced 1.10 million tonnes of clean coal in 2011 (Jeebropilly 0.79 million tonnes and Oakleigh 0.31 million tonnes). This compared to 1.21 million tonnes in 2010, a 9% reduction.

Key activities at the West Moreton operations in 2011 have included:
- Further development of both the Washplant and ML 7186 open cut pits at Jeebropilly.
- Rescheduling of the Jeebropilly and Oakleigh operations to maximise coal production during the Acland rail outage resulting in negative production impacts for the remainder of the year.
- Purchase of a replacement Cat 994 loader and 3 Cat 785 rear dump trucks (all second hand), commissioned during the second half of the year.

Queensland Bulk Handling
New Hope's 100% owned coal export terminal Queensland Bulk Handling (QBH) located at the Port of Brisbane exported 6.52 million tonnes on 88 vessels. This compared to 6.67 million tonnes on 102 vessels in 2010. This 2% reduction in volume was due to restricted coal supply due to flooding of the West Moreton Coal System in early 2011 and reduced tonnage from third party mines. Performance over the last quarter of 2011 was at record levels, annualising in excess of 9 million tonnes. QBH continues to be an essentially demurrage free port.

Key activities in 2011 included:
- Completion of the port expansion, under budget, in December 2010;
- Installation of a new out load sampling system in July 2011;
- Design of an upgrade of the coal loader and electrical distribution systems.

New Hope Exploration

New Hope continues an active exploration program utilising 3 New Hope drilling rigs plus contract rigs as required. The exploration focus in 2011 has been on proving up resources in the Bowen Basin, particularly at New Lenton. The program was significantly impacted by wet weather restricting access in late 2010 and early 2011. A total of 25,408 metres was drilled during the year.

New Hope announced an increase in both JORC compliant resources and reserves in May 2011. Details of this announcement were as follows:
- Resources: Increased by 56% from 980 million tonnes to 1529 million tonnes
- Reserves: Increased by 10.3% from 493 million tonnes to 544 million tonnes.

Details of the 2011 exploration program are as follows:

New Lenton - EPC 766, EPC 865 and ML 70337 (Bowen Basin)

While wet weather significantly delayed exploration during the first 8 months of the year, a total of 16,936 metres of core and open hole was drilled. This included infill drilling, fault delineation and large diameter core for coke oven testing and preparation plant design. Preparations have also been made for further 2D seismic surveys.

Additional intersections of coal have been found in the Girrah seam within the planned open cut mining area which is not reflected in the above resources statement.

New Acland - MDL 244, ML50170 and ML 50216 (Darling Downs)

While wet weather impacted, 6,482 metres of drilling was completed. This included confirmatory drilling on the existing mining leases (Quality and Structure) as well as further chip drilling on the Stage 3 Expansion area. The Acland geological model was updated in September 2010.

West Moreton

No exploration drilling occurred at West Moreton during 2011.

Bringalily - EPC 1154 (Darling Downs)

Five geophysical survey lines (10.1 kilometres) were completed over the expected sub-crop of the lower Walloon Coal Measures. This was followed by drilling ten open holes (917 metres). Only minor coal seams were intersected.

Tasmania - EL 44 Rosevale and EL 49 York Plains

The commencement of drilling was delayed due to unfavourable ground conditions, but 1,074 metres was drilled in early 2011. This comprised Rosevale, 639 metres and York Plains, 435 metres. This drilling was undertaken to confirm the validity of old data and to obtain samples for quality testing. Results are currently under review.

Other

New Hope has applied for 4 minerals exploration permits all located in the Cloncurry and Richmond areas. Currently 2 have been granted while grant of the other 2 is pending.
- EPM 18582 Yanko (Granted): Interpretation of gravity survey data has been completed and an exploration target identified. A program of 5 core holes is planned with landowner negotiations underway.
- EPM 18589 Moonamarra (Granted): No work completed.
- EPM 18581 Courtenay: Grant pending, expected by end of calendar year 2011.
- EPM 18592 Sherwood: Grant pending, expected by end of calendar year 2011.

Pastoral Operations

New Hope's pastoral operation (New Acland Pastoral), adjacent to New Acland mine, continues to graze cattle and grow both grain and pastures. At year end some 1,800 head of cattle were grazing on 3,800 hectares of land. A further 1,000 hectares was under crop and 1,800 hectares fallow.

During 2011, 983 head of stock were sold and 2,375 head purchased.

Pastoral operations were negatively impacted by the unseasonal heavy rains in early 2011. New Acland Pastoral is also managing the enhanced rehabilitation now underway at the New Acland mine.

Development Projects

New Hope has a solid project development portfolio with 4 major coal projects now under development. These include New Acland Stage 3 and New Lenton as well as Colton and Elimatta (both Northern Energy projects). As a result New Hope has been increasing people and process resources to enable these projects to be developed in a timely fashion.

New Acland Stage 3 (NAC03)

NAC03 involves the expansion of the existing New Acland mine from its' current capacity of approximately 5 million tonnes per annum up to 10 million tonnes per annum. While progress on this project has been solid, it has been recently hampered by proposed new State Government legislation (Strategic Cropping Land) and a ramp up of anti-mining sentiment on the Darling Downs.

The Supplementary Environmental Impact Statement was submitted to the Co-Ordinator General in June 2011. It is now expected that a Mining lease will be granted during the second half of 2012. Expanded operations are planned to commence in 2014.

New Lenton

The New Lenton project (northern Bowen Basin) is an open cut and underground resource of coking/PCI and thermal coal. Depending on mine design and operating scenario, it is planned to produce up to 3.5 million tonnes of product coal from 2014. While delayed by rain, exploration (drilling and seismic surveys) has continued during 2011. New Hope already holds a Mining Lease over the open cut area at Lenton.

On 28 May 2011, New Hope entered into a Joint Venture with a subsidiary of Formosa Plastics Group (FPG) whereby FPG purchase 10% equity in the project for $58.0 million ($40.3 million NPAT). This Joint Venture Agreement was completed on 7th September 2011.

Northern Energy Corporation Limited

In late 2010, New Hope made an off market offer for Northern Energy Corporation Limited (NEC) of $1.85 per share. The NEC Directors recommended acceptance of this offer and by close of the offer on 9 March 2011, New Hope held 80.8% of the equity in NEC. Subsequently, on 29 August 2011, New Hope made a further offer for the remaining shares at $2.00 per share. New Hope now has in excess of 98% of the equity in NEC.

NEC has been concentrating on the development of the Colton and Elimatta projects.

Colton

The Colton Project, located near Maryborough, is an open cut coking coal opportunity. While initial production tonnage will be about 0.5 million tonnes per annum, further exploration now underway indicates that expansion to a larger tonnage is possible. Product coal will be railed to and exported through Gladstone. The Environmental Management Plan has been completed and will be submitted to the Government this month.

Elimatta

Elimatta is a thermal open cut coal deposit located in the Northern Surat Basin. NEC has reported JORC resources of 244 million tonnes. A Feasibility Study is complete and background studies for the Environmental Impact Statement are now underway. Product coal will be railed to Gladstone via the Surat Basin rail line.

Carbon Energy Conversion (CEC) and Coal to Liquids (CTL)

Our energy technologies continue to make steady progress. We have completed the initial detailed engineering design for a Proof of Concept (POC) plant using the Direct Coal Liquefaction technology of Quantex Energy Inc. The evaluation of this design has recommended further more detailed chemical assessments and test work to reduce the scale up and coal performance risks when proceeding to an operating plant. The scope and design of this test work is well underway and is expected to be completed and implemented by year end. Some 8 ha of land has been purchased in Texas for the construction of a future POC plant.

The indirect coal liquefaction technology is progressing well and the manufacture of a 1 TPH POC plant has commenced in the USA. This plant is scheduled to be constructed at our Petroleum Facilities licensed area at our Jeebropilly mine site in April 2012 with commissioning scheduled for July 2012.

Outlook

New Hope's mining operations have recovered well from the flood events of early 2011, have adequate levels of opening inventory (both in pit and product coal) and as a result are well placed for a solid performance in 2012. Planned production for 2012 is increased at 6.1 million tonnes with sales slightly higher at 6.2 million tonnes.

QR National has been performing at or above contract levels in railing coal down the West Moreton Coal System.

The export facility QBH has also been running at very high levels and with the completion of the expansion project, now has the capacity to handle up to 10 million tonnes per annum.

While some export tonnages to Japanese customers were disrupted by the rail outage and Japanese tsunami, sales volumes have now fully recovered. All forecast production is fully contracted under multi-year long term contracts.

Export prices, while relatively stable in US dollar terms, have fluctuated with the foreign exchange volatility in Australian dollar terms. More than 50 percent of sales for the current financial year have already been priced in line with the current market.

New Hope is currently working on the development of 4 new projects. While not bringing increased product volume in 2012 and 2013, they will add significant volume in the near term and in addition will provide both product mix diversification (coking and PCI coal) and geographical diversification. New Hope's large cash reserves of some $1.5 billion provides a valuable strategic foundation to fund these proposed developments.

The actual development schedule will be driven by Government approvals as well as rail and port capacities. At this stage the project development schedules are as follows:

- New Acland Stage 3 (Thermal coal): Mining lease granted late 2012. Production ramp up from 2014.
- Lenton (Coking/PCI/Thermal coal): Stage 1 Mining Lease already granted. Stage 1 production ramp up from 2014.
- Colton: (Coking coal): Mining Lease granted late 2012. Production ramp up from 2013.
- Elimatta: (Thermal coal): Mining Lease granted 2014. Production ramp up from 2015.

JORC Declaration

The estimates of coal resources herein have been prepared in accordance with the guidelines of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code". These resources are inclusive of the reserves reported in the reserves statement. The work has been undertaken internally by NHC and reviewed by Mr Phillip Bryant, Project Manager New Lenton NHC and Member of AusIMM (no. 210566). Mr Bryant has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Bryant consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this Coal Reserves Statement that related to coal reserves is based on information compiled by Dr Warren Seib, who is Fellow of AusIMM. Dr Seib is a full time employee of the company. Dr Seib has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr Seib consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Insurance of officers

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

Proceedings on behalf of the Corporation

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

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

Significant changes in the state of affairs

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

Matters subsequent to the end of financial year

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

Likely developments and expected results of operations

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

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

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

Environmental compliance

The Company's Queensland mining operations and exploration tenements are regulated by the Queensland Department of Environment and Resource Management (DERM) under Queensland's *Environmental Protection Act 1994* . The Company's coal export port facility, Queensland Bulk Handling (QBH), and Jondaryan rail loading facility are regulated by the DERM under Queensland's *Sustainable Planning Act 2009* .

The Company's mining operations and exploration tenements each function under a site specific Environmental Authority. The Company's rail loading facility and port facility each function under a site specific Development Approval.

During the 2011 financial year, the Company experienced two environmental incidents involving the non compliant discharge of water off site. The two separate environmental incidents occurred at New Acland Coal Mine and New Oakleigh Coal Mine during March 2011 and July 2011, respectively. In regard to both matters, the Company promptly developed a number of corrective actions to minimise the risk of a similar incident and ensured the DERM was well consulted. The Company received a "Warning Notice" from the DERM during May 2011 for the environmental incident involving New Acland Coal Mine and has been advised that it will receive the same compliance action for the environmental incident involving New Oakleigh Coal Mine.

A draft Supplementary Environmental Impact Statement (SEIS) for the New Acland Stage 3 Expansion Project was lodged with Queensland's Office of the Coordinator General during June 2011 and is currently under review by the Coordinator General for the purpose of approving the SEIS for public release. Queensland's Coordinator General is expected to issue a final report and make a formal decision on the approval of the New Acland Stage 3 Expansion Project during the 2012 financial year.

The Company continues to participate in the Commonwealth Energy Efficiency Opportunities (EEO) program, which during May 2011 included the successful completion of a desktop audit of statutory EEO requirements by the Commonwealth Department of Resources, Energy and Tourism. The annual EEO Public Report is published on the Company's website during December each year.

The Company's three mine sites and QBH submit reports during September each year under the National Pollutant Inventory program.

The Company meets the corporate threshold for participation under the Commonwealth's *National Greenhouse and Energy Reporting Act 2007* . An annual report is submitted to the Commonwealth Department of Climate Change and Energy Efficiency during October each year.

The Company continued to implement its Environmental Management System (EMS) in accordance with ISO14001 during the 2011 financial year. The EMS assists the Company to improve its environmental performance by increasing environmental awareness, optimising operational control, monitoring compliance and facilitating continuous improvement.

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 in 1995 and was appointed Chairman in 1998.

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1984
TPG Telecom Limited	Appointed 2000
Souls Private Equity Limited	Appointed 2004
Brickworks Limited (including Bristile Limited)	Appointed 1997
BKI Investment Company Limited (incl PSI Limited)	Appointed 2003
Australian Pharmaceutical Industries Limited	Appointed 2000
Milton Corporation Limited (includes Choiseul Investments Limited)	Appointed 1998
Northern Energy Corporation Limited	Appointed 2011

Former Directorships in last 3 years

Choiseul Investments Limited	Appointed 1995	Resigned 2010

Special responsibilities

Chairman of the Board.

Interests in shares and options

3,670,573 ordinary shares in New Hope Corporation Limited
Nil options over ordinary shares in New Hope Corporation Limited

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

Experience

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

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1984
Clover Corporation Limited	Appointed 1997
Australian Pharmaceutical Industries Limited	Appointed 2000
Northern Energy Corporation Limited	Appointed 2011

Former Directorships in last 3 years

SP Telemedia Limited	Appointed 2000	Resigned 2008
KH Foods Limited	Appointed 2008	Resigned 2009

Special responsibilities

Member of the Remuneration and Nomination Committee.

Interests in shares and options

109,234 ordinary shares in New Hope Corporation Limited
Nil options over ordinary shares in New Hope Corporation Limited

Information on Directors (continued)

Mr D.J. FAIRFULL - BCom, ACIS, CPA, ASIA (Non executive Director)

Experience

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

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1997	
Souls Private Equity Limited	Appointed 2004	
Shinewing Hall Chadwick National Association	Appointed 2009	
Northern Energy Corporation Limited	Appointed 2011	
Drill Torque Limited	Appointed 2011	

Former Directorships in last 3 years

SP Telemedia Limited	Appointed 2000	Resigned 2008
KH Foods Limited	Appointed 2008	Resigned 2009

Special responsibilities

Member of the Audit Committee, and a member of the Remuneration and Nomination Committee.

Interests in shares and options

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

Mr D.C. WILLIAMSON - BCom, FCA, MAICD (Non executive Director)

Experience

Mr Williamson has been registered as a Chartered Accountant for approximately 30 years and is principal of his own firm, Williamson Chaseling Pty Ltd. He has been a Director of New Hope Corporation since 1999.

Other current Directorships

Australian Health & Nutrition Association Limited	Appointed 2001	
Dart Energy Limited	Appointed 2010	
Northern Energy Corporation Limited	Appointed 2011	
Drill Torque Limited	Appointed 2011	

Former Directorships in last 3 years

Arrow Energy Limited	Appointed 2006	Resigned 2010

Special responsibilities

Chairman of the Audit Committee.

Interests in shares and options

20,000 ordinary shares in New Hope Corporation Limited
Nil options over ordinary shares in New Hope Corporation Limited

Information on Directors (continued)

Mr W.H. GRANT - FAICD, Assoc. Diploma in Local Government (Non executive Director)

Experience

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

Other current Directorships

Brisbane Development Association	Appointed 2006
Brisbane Airport Corporation	Appointed 2007
Queensland Performing Arts Centre Trust (QPAC)	Appointed 2006
Northern Energy Corporation Limited	Appointed 2011

Former Directorships in last 3 years

Urban Land Development Authority	Appointed 2007	Resigned 2009
Life Without Barriers	Appointed 2002	Resigned 2011
Williams Hall Chadwick Chartered Accountants and Business Advisors	Appointed 2009	Resigned 2011

Special responsibilities

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

Interests in shares and options

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

Mr R.C. NEALE - BSc.(Hons) MAICD, MAIMM, (Managing Director)

Experience

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

Other current Directorships

Australian Coal Association	Appointed 2005
Australian Coal Research Limited	Appointed 2005
Australian Coal Association Low Emissions Technologies Ltd	Appointed 2006
Planet Gas Limited	Appointed 2009
WestSide Corporation Limited	Appointed 2010
Queensland Resources Council	Appointed 2009
Northern Energy Corporation Limited	Appointed 2011
Bridgeport Energy Limited	Appointed 2011

Former Directorships in last 3 years

Nil

Special responsibilities

Managing Director and Chief Executive Officer.

Interests in shares and options

2,005,500 ordinary shares in New Hope Corporation Limited
Nil options over ordinary shares in New Hope Corporation Limited

Company Secretary

The Company Secretary is Mr Matthew Busch who was appointed to the position on 16 March 2009. Mr Busch has a Bachelor of Business from Queensland University of Technology and is a member of CPA Australia. He has more than 10 years of experience in the coal industry and holds the dual role of Financial Controller and Company Secretary.

Remuneration report

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

a. Remuneration Policies and Principles

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

The Remuneration and Nomination Committee is responsible for reviewing and setting the remuneration packages for Directors and executives on an annual basis. The Chief Executive Officer reports to the Committee on executive remuneration arrangements. Data from independent surveys and other market information and reports is reviewed to ensure that remuneration is consistent with current industry practices. The Remuneration and Nomination Committee also sets the Chief Executive Officer's package at that time.

The structure of non-executive Director and senior executive remuneration is separate and distinct.

<u>Non-executive Director remuneration</u>

It is intended that remuneration paid to non-executive Directors reflects the demands and responsibilities of Directors. Non-executive Directors receive a fixed fee that is paid within an aggregate limit as approved by the shareholders from time to time. The current maximum aggregate is set at $1,000,000 (2010 - $1,000,000) per annum.

<u>Executive remuneration</u>

The Company aims to ensure that remuneration packages properly reflect the person's duties, experience and responsibilities and are aligned so that management is rewarded in creating value for shareholders. Remuneration may comprise a mix of:

- Base salary and benefits including a motor vehicle;
- Short term incentive;
- Long term equity based compensation in the form of share options or performance rights, issued in accordance with the Employee Share Option Plan and the Employee Performance Share Rights Plan;
- Other remuneration such as superannuation.

Short term incentives were paid during the year to executives due to the strong financial performance of the Company during the year. These incentives are not specified in employment contracts, and are paid at the discretion of the Remuneration and Nomination Committee from year to year.

Long term incentives in the form of share options and performance rights under the Employee Share Option Plan and Employee Performance Share Rights Plant are granted to executives as an encouragement for executives to pursue the long term growth and success of the Company, and demonstrate a clear relationship between executive performance and remuneration. Rights and Options are issued at the discretion of the Remuneration and Nomination Committee from year to year.

b. Details of remuneration

Details of remuneration of Directors and the key management personnel of New Hope Corporation Limited and of the New Hope Group are set out below. The key management personnel of the Company and of the Group includes the Directors and the following executives:

Mr R.C. Neale, Managing Director and Chief Executive Officer
Mr B.D. Denney, Chief Operations Officer (appointed 2 November 2010)
Mr M.L. Bailey, Chief Operations Officer (resigned 10 September 2010)
Mr S.O. Stephan, Chief Financial Officer (appointed 31 August 2009)
Mr M. J. Busch, Financial Controller and Company Secretary
Mr C.C. Hopkins, General Manager - Marketing
Mr C.W. Easton, General Manager - Business Improvement
Mr J.R. Randell, General Manager - Acland
Mr P. Stringer, General Manager - West Moreton
Mr K. Palfrey, General Manager - Projects
Mr B.J. Garland, General Manager - Resource Development (resigned 30 September 2010)
Mr D. Brown-Kenyon, General Manager - Corporate Development and Government Relations (resigned 19 March 2010)

Remuneration report (continued)

b. Details of remuneration (continued)

Key management personnel of the New Hope Group and other executives of the Company and the Group

	Short-term employee benefits			Long-term benefits	Post employment		Share based payments		
	Cash salary and fees $	Cash bonus $	Non cash benefits $	LSL $	Super-annuation $	Termination Benefits $	Options $	Total $	Performance related %
Non-executive Directors - 2011									
Mr R.D. Millner	239,250	-	-	-	15,247	-	-	254,497	0%
Mr P.R. Robinson	108,750	-	-	-	9,788	-	-	118,538	0%
Mr D.J. Fairfull	108,750	-	-	-	9,788	-	-	118,538	0%
Mr D.C. Williamson	133,750	-	-	-	9,788	-	-	143,538	0%
Mr W.H. Grant	123,750	-	-	-	9,788	-	-	133,538	0%
Executive Directors - 2011									
Mr R.C. Neale (1) (2)	1,057,108	675,000	31,034	19,905	15,247	-	-	1,798,294	38%
Other key management personnel - 2011									
Mr B.D. Denney (2) (6)	391,751	-	12,147	-	11,399	-	-	415,297	0%
Mr M.L. Bailey (5)	96,436	-	10,784	-	2,474	33,122	14,252	157,068	9%
Mr S.O. Stephan (1) (2) (3)	484,712	112,500	3,183	-	15,247	-	-	615,642	18%
Mr M.J. Busch	262,555	50,500	18,129	5,334	15,247	-	-	351,765	14%
Mr C.C. Hopkins (1) (2)	282,747	115,000	25,139	4,789	15,247	-	-	442,922	26%
Mr C.W. Easton	250,717	40,000	16,859	-	15,247	-	-	322,823	12%
Mr J.R. Randell (1)	323,578	123,000	27,029	-	15,247	-	-	488,854	25%
Mr P. Stringer	257,094	109,000	23,857	-	15,247	-	-	405,198	27%
Mr K. Palfrey (1) (2)	304,049	114,000	-	-	15,247	-	-	433,296	26%
Mr B.J. Garland (7)	87,200	-	7,525	-	3,800	33,116	9,501	141,142	7%
	4,512,197	1,339,000	175,686	30,028	194,048	66,238	23,753	6,340,950	
Non-executive Directors - 2010									
Mr R.D. Millner	186,667	-	-	-	13,748	-	-	200,415	0%
Mr P.R. Robinson	89,583	-	-	-	8,063	-	-	97,646	0%
Mr D.J. Fairfull	89,583	-	-	-	8,063	-	-	97,646	0%
Mr D.C. Williamson	114,583	-	-	-	8,063	-	-	122,646	0%
Mr W.H. Grant	104,583	-	-	-	8,063	-	-	112,646	0%
Executive Directors - 2010									
Mr R.C. Neale (1) (2)	802,065	432,000	29,726	14,418	14,523	-	-	1,292,732	33%
Other key management personnel - 2010									
Mr M.L. Bailey (1) (2)	482,684	161,000	27,986	-	14,523	-	371,571	1,057,764	50%
Mr S.O. Stephan (1) (2) (3)	373,625	-	-	-	14,523	-	-	388,148	0%
Mr B.J. Garland (1) (2)	343,884	117,000	26,432	-	14,523	-	247,715	749,554	49%
Mr D. Brown-Kenyon (1) (2) (4)	162,642	69,000	24,280	2,898	9,641	308,776	-	577,237	12%
Mr C.C. Hopkins	272,426	134,000	27,681	4,605	14,523	-	-	453,235	30%
Mr C.W. Easton	242,501	49,000	15,151	-	14,523	-	25,035	346,210	21%
	3,264,826	962,000	151,256	21,921	142,779	308,776	644,321	5,495,879	

(1) denotes one of the five highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001* .

(2) denotes one of the five highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001* .

(3) Mr Stephan commenced as Chief Financial Officer on 31 August 2009.

(4) Mr Brown-Kenyon resigned with effect on 19 March 2010.

(5) Mr Bailey resigned with effect on 10 September 2010.

(6) Mr Denney commenced as Chief Operating Officer on 2 November 2010.

(7) Mr Garland resigned with effect on 30 September 2010.

Remuneration report (continued)

c. Employment Contracts

Remuneration and other terms of employment for the executive officers are formalised in individual employment contracts. The agreements are of no fixed term. The contracts outline the components of remuneration paid to them but do not prescribe how remuneration levels are modified from year to year.

The agreements allow for salary, superannuation and a fully maintained motor vehicle. All management options previously granted under the New Hope Corporation Limited Employee Share Option Plan and Employee Performance Share Rights Plan have now been exercised. The contracts with Messrs Neale, Hopkins and Brown-Kenyon include a provision for a separation allowance if their employment is terminated by the Company or on their retirement from full time employment. Messrs Denney, Stephan, Randell and Stringer's contracts include provision for a separation payment in the event of their termination as a result of a takeover or merger of the Company. The allowances are less than one year's remuneration.

Contracts with executives may be terminated by either party giving notice as specified in their contract of employment. Messrs Neale, Brown-Kenyon and Denney's contracts require 2 months notice. Messrs Bailey, Stephan, Garland, Randell and Stringer require 10 weeks notice, whilst the contracts for Messrs Hopkins, Easton and Palfrey require 8 weeks notice. The contract for Mr Busch requires one months notice.

d. Share based compensation

Share based compensation - options

Options are granted under the New Hope Corporation Limited Employee Share Option Plan (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.

Options are granted for no consideration. Options are granted for a five year period and vest after the third anniversary of the date of grant.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a monte carlo option 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 the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Grant Date	Date vested and exercisable	Expiry date	Exercise price	Price at grant date	Expected volatility	Expected dividend yield	Risk free interest rate	Value per option at grant date
19 January 2007	20 January 2010	18 January 2012	$1.360	$1.370	38.00%	6.43%	5.90%	$0.318
13 August 2007	14 August 2010	12 August 2012	$2.104	$2.220	44.00%	4.02%	6.04%	$0.745

Share options granted to Directors and key management personnel

Details of management options over ordinary shares in the Company as at 31 July 2011, provided as remuneration to each Director of New Hope Corporation Limited and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share in New Hope Corporation Limited. Further information on the options is set out in note 31 to the financial statements.

	Number of options granted during the year		Number of options vested during the year	
Directors of New Hope Corporation Ltd	**2011**	**2010**	**2011**	**2010**
Mr R.C. Neale	-	-	-	-
Other key management personnel of the Group				
Mr M.L. Bailey	-	-	1,500,000	-
Mr B.J. Garland	-	-	1,000,000	-
Mr D. Brown-Kenyon	-	-	-	-
Mr C.C. Hopkins	-	-	-	-
Mr C.W. Easton	-	-	-	500,000
Mr B.D. Denney	-	-	-	-
Mr S.O. Stephan	-	-	-	-
Mr M.J. Busch	-	-	-	-
Mr J.R. Randell	-	-	-	-
Mr P. Stringer	-	-	-	-
Mr K. Palfrey	-	-	-	-

Remuneration report (continued)

d. Share based compensation (continued)

Share options granted to Directors and key management personnel

	Number of ordinary shares issued on the exercise of options during the year		Amount paid per share	
Directors of New Hope Corporation Ltd	**2011**	**2010**	**2011**	**2010**
Mr R.C. Neale	-	2,000,000	-	1.24
Other key management personnel of the Group				
Mr M.L. Bailey	1,500,000	-	2.10	-
Mr B.J. Garland	1,000,000	-	2.10	-
Mr D. Brown-Kenyon	-	150,000	-	1.24
Mr D. Brown-Kenyon	-	250,000	-	1.24
Mr D. Brown-Kenyon	-	850,000	-	1.24
Mr C.C. Hopkins	-	1,250,000	-	1.24
Mr C.W. Easton	-	500,000	-	1.29
Mr C.W. Easton	-	500,000	-	1.36

No amounts are unpaid on any shares issued on the exercise of options.

Share based compensation - rights

During the year Directors approved the New Hope Corporation Limited Employee Performance Share Rights Plan (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 will be granted for no consideration. Rights to be granted in accordance with the Plan will be allotted at the sole discretion of the directors of the Company and in accordance with the Group's reward and retention strategy. Rights will vest equally on the first, second, third and fourth anniversary of the date of grant.

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

The Directors have approved the issue of the following rights, however the process of offer and acceptance had not been completed prior to 31 July 2011 and therefore no amounts have been included in the remuneration for the current financial year. Rights will vest as set out below subject to the employee remaining employed by the Company at the specified vesting date.

- Mr Neale is to be offered 123,100 rights in relation to his outstanding LTI payment for 2008. Subject to the issue of the rights being approved at the 2011 AGM and the vesting conditions being satisfied, 92,325 will vest on 1 January 2012 and 30,775 will vest on 1 August 2012.
- Mr Neale is to be offered 98,404 rights in relation to his outstanding LTI payment for 2009. Subject to the issue of the rights being approved at the 2011 AGM and the vesting conditions being satisfied, 49,202 will vest on 1 January 2012, 24,601 will vest on 1 August 2012 and 24,601 will vest on 1 August 2013.
- Mr Neale is to be offered 97,592 rights in relation to his outstanding LTI payment for 2010. Subject to the issue of the rights being approved at the 2011 AGM and the vesting conditions being satisfied, 24,398 will vest on 1 January 2012, 24,398 will vest on 1 August 2012, 24,398 will vest on 1 August 2013 and 24,398 will vest on 1 August 2014.
- Mr Stephan is to be offered 40,160 rights in relation to his outstanding LTI payment for 2010. Subject to the vesting conditions being satisfied, 10,040 rights will vest on each of 1 January 2012, 1 August 2012, 1 August 2013 and 1 August 2014.
- Mr Busch is to be offered 20,080 rights in relation to his outstanding LTI payment for 2010. Subject to the vesting conditions being satisfied, 5,020 rights will vest on each of 1 January 2012, 1 August 2012, 1 August 2013 and 1 August 2014.

Remuneration report (continued)

e. Additional information

Share based compensation: Options

No options have been issued to R.D. Millner, P.R. Robinson, D.J. Fairfull, D.C. Williamson or W.H. Grant.

Share based compensation: Rights

No rights have been issued to R.D. Millner, P.R. Robinson, D.J. Fairfull, D.C. Williamson or W.H. Grant.

Options issued to C.W. Easton during the 2007 financial year vested during the 2010 financial year. Options issued to M.L. Bailey and B.J. Garland during the 2008 financial year vested during the 2011 financial year.

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
Mr R.C. Neale	0%	-	-	-	-
Mr M.L. Bailey	9%	-	4,029,000	-	4,029,000
Mr S.O. Stephan	0%	-	-	-	-
Mr B.J. Garland	7%	-	2,686,000	-	2,686,000
Mr D. Brown-Kenyon	0%	-	-	-	-
Mr C.C. Hopkins	0%	-	-	-	-
Mr C.W. Easton	0%	-	-	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

C = The value at exercise date of the options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapsed date of options that were granted as part of remuneration and that lapsed during the year.

For the above options, the minimum value yet to vest is $nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed and is $nil for the options issued in August 2007.

Consequences of performance on shareholder wealth

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

Year ended 31 July	2011	2010	2009	2008	2007
Net profit attributable to shareholders (A$000's)	503,234	183,832	1,950,392	90,684	69,309
Profit after tax from continuing operations (A$000's)	503,099	183,832	1,950,392	90,684	69,309
Dividends paid during the year (cents / share)	23.75	82.25	16.25	7.75	9.10
Share price as at 31 July ($ / share)	5.37	4.71	5.34	4.69	2.13
Shareholders funds (A$000's)	2,367,383	2,339,525	2,748,498	827,607	731,198

Shares under option

There were nil unlisted ordinary shares of New Hope Corporation Limited under option at the date of this report.

Rights issued

There were nil rights issued of New Hope Corporation Limited at the date of this report.

Shares issued on the exercise of options
Since the end of the financial year no management options have been exercised and converted to ordinary shares in the company.

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

Non-audit services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

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

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

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

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

	Consolidated	
	2011	**2010**
Audit Services		
PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the *Corporations Act 2001*	302,447	279,629
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	10,000	-
Total remuneration for audit services	**312,447**	**279,629**
Non-audit services		
Taxation services		
PricewaterhouseCoopers Australian firm:		
Transaction advisory services	429,509	421,822
General advisory services	100,611	144,371
Tax compliance services	315,726	249,899
Research and development compliance services	208,777	216,864
Non PricewaterhouseCoopers firms:		
Taxation services	6,130	-
Total remuneration for non-audit services	**1,060,753**	**1,032,956**
Total auditors remuneration	**1,373,200**	**1,312,585**

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 18.

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

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2011 and the number of meetings attended by each Director:

	Full meetings of Directors		Audit Committee		Remuneration and Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr R.D. Millner	15	14				
Mr P.R. Robinson	15	14			1	1
Mr D.J. Fairfull	15	15	2	2	1	1
Mr D.C. Williamson	15	14	2	2		
Mr W.H. Grant	15	14	2	2	1	1
Mr R.C. Neale	15	15				

Signed at Sydney this 19th day of September 2011 in accordance with a resolution of Directors.

R.D. Millner
Director

D.C. Williamson
Director

PRICEWATERHOUSECOOPERS

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Auditor's Independence Statement

As lead auditor for the audit of New Hope Corporation Limited for the year ended 31 July 2011, I declare that, to the best of my knowledge and belief, there have been:

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

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

S. Neill
Partner
PricewaterhouseCoopers

Sydney
19 September 2011

Liability limited by a scheme approved under Professional Standards Legislation

New Hope Corporation Limited
Corporate Governance Statement

This Corporate Governance Statement has been summarised into sections in line with the 8 core corporate governance principles as specified in the Australian Securities Exchange (ASX) Corporate Governance Council's revised "Principles of Good Corporate Governance and Best Practice Recommendations".

Role of the Board

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

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

Responsibilities of the Board include the following:

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

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

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

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

Board structure

- In accordance with the Company's Constitution, the Board should comprise no less than 3 or more than 10 Directors.
- The names of the Directors of the Company at the date of this statement are set out in the Directors' Report.
- At the date of this report the Board consists of 5 non-executive Directors and one executive Director. Directors' details are contained in the Directors' Report.
- The Chairman of the Board should be a non-executive Director.
- The non-executive Chairman and Chief Executive Officer roles are separate.
- The Company has not strictly complied with ASX Best Practice Recommendations in that not all of the non-executive Directors are independent. Mr Robert Millner (Chairman of Directors), Mr Peter Robinson and Mr David Fairfull are Directors of New Hope Corporation Limited's major shareholder, Washington H. Soul Pattinson and Company Limited. Mr David Williamson and Mr William Grant are considered independent.
- Whilst all the non-executive Directors cannot be considered "independent" in accordance with the ASX Best Practice Recommendations, all Directors are expected to bring their independent views and judgement to the Board and, in accordance with the *Corporations Act 2001* , must inform the Board if they have any interest that could conflict with those of the Company. Where the Board considers that a significant conflict exists, it may exercise its discretion to determine whether the Director concerned may be present at the meeting while the item is considered. Also, the Board considers that due to the extensive experience and knowledge that these Directors have of the business, it would be contrary to shareholders' best interests if the Directors were precluded from holding the position of Director on these grounds.
- In the discharge of their duties and responsibilities, the Directors individually (as well as the Board) have the right to seek independent professional advice at the Company's expense. However, for advice to individual Directors, prior approval of the Chairman is required, which is not to be unreasonably withheld.
- The Remuneration and Nomination Committee consists of non-executive Directors who periodically review the membership of the Board having regard to the Company's particular needs, both present and future.
- Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Constitution, one third of the Board (excluding any Managing Director) retire from office each year and if eligible submit themselves for re-election by shareholders at the Annual General Meeting.

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

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

A summary of the main principles of New Hope Corporation Limited's share trading policy is as follows:

- The policy relates to trading in shares of the Company;
- Trading is prohibited when Directors and employees are in possession of price sensitive information which is not available to the public;
- Trading is prohibited during the period of four weeks prior to the announcement of the Company’s half year and full year results;
- The Company has established the following share trading windows each for a period of 6 weeks commencing from:
  1. The release of the Company's annual result to the Australian Securities Exchange;
  2. The release of the Company's half yearly result to the Australian Securities Exchange;
  3. The date of the Annual General Meeting; and
  4. The release of a prospectus;
- At times other than those referred to above, Directors and employees may trade after seeking approval from the Chairman of the Board, or in his absence, the Managing Director of New Hope Corporation Limited.

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

Further details of the Directors' qualifications, terms of office, and attendance at audit committee meetings are set out in the Directors' report on pages 8 to 10 and 17.

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

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

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

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

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

ASX Listing Rules compliance

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

Communication with shareholders

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

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

Risk management

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

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

The Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board, by submission to the audit committee, that the risk management and internal control compliance systems implemented by the Board are operating efficiently and effectively. The required statement has been received from the Chief Executive Officer and Chief Financial Officer relative to the year of income.

Remuneration

The Remuneration and Nomination Committee consists of non-executive Directors who are responsible for reviewing and setting remuneration and other terms of employment for non-executive Directors. Details of the attendance at meetings of the Remuneration and Nomination Committee is included on page 17 of the Directors' report.

Non executive Directors' fees are reviewed annually after taking into consideration the Company's performance, market rates and level of responsibility. The aggregate amount of fees which may be paid to non-executive Directors is subject to the approval of shareholders at the Annual General Meeting and is currently set at $1,000,000 (2010 - $1,000,000) per annum.

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

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

New Hope Corporation Limited

Annual Financial Report
for the year ended 31st July 2011

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

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 2 to 6, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 19 September 2011. 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.newhopecoal.com.au.

New Hope Corporation Limited and Controlled Entities

Statement of Comprehensive Income
for the year ended 31st July 2011

	Notes	2011 $000	2010 $000
Revenue from continuing operations	5	662,404	744,982
Other income	6	524,127	127
		1,186,531	745,109
Expenses			
Cost of sales		(304,003)	(362,471)
Marketing and transportation		(127,356)	(120,027)
Administration		(17,464)	(16,187)
Other expenses		(18,164)	(1,841)
Share of net profit / (loss) of associate	40	(447)	-
Profit before income tax		**719,097**	**244,583**
Income tax expense	8	(215,998)	(60,751)
Profit after income tax for the year		**503,099**	**183,832**
Profit attributable to:			
New Hope Shareholders		503,234	183,832
Non-controlling interests		(135)	-
		503,099	**183,832**
Other comprehensive income			
Changes in the fair value of cash flow hedges, net of tax	28	9,336	3,268
Net transfer to profit and loss	28	(330,516)	68,764
Other comprehensive income for the year, net of tax		(321,180)	72,032
Total comprehensive income for the year		**181,919**	**255,864**
Total comprehensive income attributable to:			
New Hope Shareholders		182,054	255,864
Non-controlling interests		(135)	**-**
		181,919	**255,864**
Earnings per share for profit attributed to ordinary equity holders of the Company			
Basic earnings per share (cents / share)	35	60.6	22.3
Diluted earnings per share (cents / share)	35	60.6	22.2

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

New Hope Corporation Limited and Controlled Entities

Balance Sheet
as at 31st July 2011

	Notes	2011 $000	2010 $000
Current assets			
Cash and cash equivalents	10	75,149	103,608
Receivables	11	110,962	45,629
Inventories	12	63,408	45,115
Held to maturity investments	13	1,599,552	1,312,863
Derivative financial instruments	36	31,880	15,673
Other	14	2,802	118
Assets classified as held for sale	15	-	576,211
Total current assets		1,883,753	2,099,217
Non-current assets			
Receivables	16	5,440	4,284
Investments accounted for using the equity method	40	31,825	-
Available for sale financial assets	17	92,389	89,185
Derivative financial instruments	36	8,807	11,675
Property, plant and equipment	18	664,201	438,023
Exploration and evaluation assets	19	8,085	3,030
Intangible assets	21	54,748	7,084
Total non-current assets		865,495	553,281
Total assets		**2,749,248**	**2,652,498**
Current liabilities			
Accounts payable	22	51,639	57,053
Current tax liabilities		166,270	24,154
Provisions	25	19,254	18,393
Total current liabilities		237,163	99,600
Non-current liabilities			
Deferred tax liabilities	24	122,566	194,400
Provisions	26	22,136	18,973
Total non-current liabilities		144,702	213,373
Total liabilities		**381,865**	**312,973**
Net assets		**2,367,383**	**2,339,525**
Equity			
Contributed equity	27	91,500	84,226
Reserves	28(a)	73,851	403,504
Retained profits	28(b)	2,157,849	1,851,795
Capital and reserves attributable to New Hope Shareholders		2,323,200	2,339,525
Non-controlling interests		44,183	-
Total equity		**2,367,383**	**2,339,525**

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

New Hope Corporation Limited and Controlled Entities

Statement of Changes in Equity
for the year ended 31st July 2011

	Notes	Contributed Equity $000	Reserves $000	Retained Earnings $000	Non-controlling Interests $000	Total $000
Balance at 1 August 2009		**66,227**	**334,658**	**2,347,613**	**-**	**2,748,498**
Profit for the year		-	-	183,832	-	183,832
Other comprehensive income		-	72,032	-	-	72,032
Total comprehensive income for the year		**-**	**72,032**	**183,832**	**-**	**255,864**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	27	14,121	-	-	-	14,121
Dividends provided for or paid	9	-	-	(78,567)	-	(78,567)
Special dividend paid	9	-	-	(601,083)	-	(601,083)
Transfer from share based payment reserve to equity	28	3,878	(3,878)	-	-	-
Movement in share based payment reserve	28	-	692	-	-	692
		17,999	(3,186)	(679,650)	-	(664,837)
Balance at 31 July 2010		**84,226**	**403,504**	**1,851,795**	**-**	**2,339,525**
Profit for the year		-	-	503,234	(135)	503,099
Other comprehensive income		-	(321,180)	-	-	(321,180)
Total comprehensive income for the year		**-**	**(321,180)**	**503,234**	**(135)**	**181,919**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	27	5,260	-	-	-	5,260
Dividends provided for or paid	9	-	-	(80,948)	-	(80,948)
Special dividend paid	9	-	-	(116,232)	-	(116,232)
Transfer from share based payment reserve to equity	28	2,014	(2,014)	-	-	-
Net movement in share based payment reserve	28	-	25	-	-	25
Elimination on acquisition of subsidiary	28	-	(6,484)	-	-	(6,484)
Non controlling interests on acquisition of subsidiary	39	-	-	-	44,318	44,318
		7,274	(8,473)	(197,180)	44,318	(154,061)
Balance at 31 July 2011		**91,500**	**73,851**	**2,157,849**	**44,183**	**2,367,383**

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

New Hope Corporation Limited and Controlled Entities

Cash Flow Statement
for the year ended 31st July 2011

	Notes	2011 $000	2010 $000
Cash flows from operating activities			
Receipts from customers inclusive of GST		569,090	685,375
Payments to suppliers and employees inclusive of GST		(439,705)	(476,151)
		129,385	209,224
Income taxes paid		(66,652)	(798,462)
Net cash inflow / (outflow) from operating activities	34	62,733	(589,238)
Cash flows from investing activities			
Payments for property, plant and equipment		(49,305)	(81,280)
Payments for intangible assets		-	(6)
Payments for security and bond guarantees		(2,293)	-
Payments for exploration and evaluation activities		(5,355)	(13,860)
Payments for purchase of subsidiary, net of cash acquired		(171,960)	-
Payments for available for sale financial assets		(33,492)	(39,672)
Payments for investments in associates		(29,813)	-
Proceeds from / (payments for) held to maturity investments		(270,000)	1,066,000
Proceeds from sale of property, plant and equipment		252	440
Proceeds from sale of investment		576,211	-
Interest received		94,005	209,589
Net cash inflow / (outflow) from investing activities		108,250	1,141,211
Cash flows from financing activities			
Proceeds from issue of equity		5,260	14,121
Dividends paid		(197,180)	(679,650)
Net cash inflow / (outflow) from financing activities		(191,920)	(665,529)
Net increase / (decrease) in cash and cash equivalents		**(20,937)**	**(113,556)**
Cash and cash equivalents at the beginning of the financial year		103,608	220,348
Effects of exchange rate changes on cash and cash equivalents		(7,522)	(3,184)
Cash and cash equivalents at the end of the financial year	10	**75,149**	**103,608**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of preparation of accounts

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

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

The consolidated financial statements of the New Hope Corporation Limited Group also comply with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

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

(iii) Critical accounting estimates

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

b. Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Hope Corporation Limited ("Company" or "parent entity") as at 31st July 2011 and the results of all subsidiaries for the year then ended. New Hope Corporation Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 40).

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

(ii) Associates (continued)

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

(iii) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 41.

c. Segment reporting

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

d. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

e. Revenue recognition

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

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

- Coal sales revenue is recognised at the time the risks and benefits of ownership have been transferred to the customer in accordance with the sales terms. For export sales this is normally at the time of loading the shipment, and for domestic sales this is generally at the time the coal is delivered to the customer.
- Service fee income and management fee income is recognised as the services are performed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Revenue recognition (continued)

- Interest income is recognised as it accrues using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Dividend income is taken into profit when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence (note 1(i)).

f. Income tax

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

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

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

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

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

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

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

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Tax consolidation legislation

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Exploration and evaluation expenditure

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

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

h. Business combinations

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

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

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

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

i. Impairment of assets

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

j. Cash and cash equivalents

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

k. Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Inventories

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

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

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

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

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

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

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

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

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

n. Investments and other financial assets

The Group classifies its financial assets in the following categories:

(i) Available for sale financial assets

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

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

(ii) Held to maturity investments

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

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value, and subsequently at amortised cost less provisions for doubtful debts. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 11) and receivables (note 16) in the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Investments and other financial assets (continued)

Impairment

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

(i) Assets classified as available for sale

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

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

o. Derivatives - Forward foreign exchange contracts

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

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

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

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

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

p. Fair value estimation

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

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

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

q. Property, plant and equipment

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Property, plant and equipment (continued)

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

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

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

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

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

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

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

s. Intangible assets

(i) IT development and software

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

(ii) Goodwill

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

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

t. Trade and other payables

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

u. Borrowing costs

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

v. Employee benefits

(i) Short-term obligations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Employee benefits (continued)

(ii) 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 after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the New Hope Corporation Limited Employee Share Option Plan. Information relating to this scheme is set out in note 37.

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

The fair value at grant date is independently determined using a monte carlo option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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

w. Contributed equity

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

x. Dividends

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

y. Rounding of amounts

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

z. Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

aa. Restoration, rehabilitation and environmental expenditure

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. Goods and Services Tax (GST)

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

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

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

ac. Leases

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

ad. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 31 July 2014.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and revised IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2013)

In May 2011, the IASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The AASB is expected to issue equivalent Australian standards shortly.

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC-12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

IFRS 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. IFRS 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. As the group is not party to any joint arrangements, this standard will not have any impact on its financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. New accounting standards and interpretations (continued)

(ii) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and revised IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2013) (continued)

IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the group and parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

(iii) IFRS 13 Fair Value Measurement (effective 1 January 2013)

IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised IAS 1 Presentation of Financial Statements (effective 1 July 2012)

In June 2011, the IASB made an amendment to IAS 1 Presentation of Financial Statements. The AASB is expected to make equivalent changes to AASB 101 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The group intends to adopt the new standard from 1 August 2012.

ae. Parent entity financial information

The financial information for the parent entity, New Hope Corporation Limited, disclosed in note 43 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint ventures

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

Tax consolidation legislation

New Hope Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2002. The head entity, New Hope Corporation Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, New Hope Corporation Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

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

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

2. FINANCIAL RISK MANAGEMENT

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

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

The Group holds the following financial instruments:	2011 $000	2010 $000
Financial assets		
Cash and cash equivalents	75,149	103,608
Trade and other receivables	116,402	49,913
Derivative financial instruments	40,687	27,348
Assets classified as held for sale	-	576,211
Available for sale financial assets	92,389	89,185
Held to maturity investments	1,599,552	1,312,863
Other financial assets	303	118
	1,924,482	**2,159,246**
Financial liabilities		
Trade and other payables	51,639	57,053
	51,639	**57,053**

a. Market risk

(i) Foreign exchange risk

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

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

The Group's risk management policy is to hedge up to 60% of anticipated transactions (export coal sales) in US dollars for the subsequent five 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:

	2011 USD $000	2010 USD $000
Cash and cash equivalents	17,265	50,494
Trade receivables	37,306	26,158
Forward exchange contracts - sell foreign currency (cash flow hedges)	309,000	239,000
Trade payables	1,500	9,415

Group sensitivity

Based on the trade receivables, cash and trade payables held at 31 July 2011, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by $3,981,000/($3,257,000) (2010 - $5,819,000/($4,761,000)), mainly as a result of foreign exchange gains/losses on translation of US dollar receivables and cash balances as detailed in the above table. The Group's equity as at balance date would have increased/(decreased) by the same amounts.

2. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

(i) Foreign exchange risk (continued)

Based on the forward exchange contracts held at 31 July 2011, 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 $25,644,000/($28,209,000) (2010 - $16,925,000/($20,686,000)). There is no effect on post-tax profits. Equity in 2011 is more sensitive to movements in the Australian dollar / USD exchange rates than in 2010 because of the increased value of forward exchange contracts in 2011.

(ii) Price risk

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

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

	Impact on post-tax profit		Impact on equity	
Index	**2011**	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
All Ordinaries -10% increase	-	-	9,936	49,380
All Ordinaries - 10% decrease	(2,443)	-	(7,493)	-

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

(iii) Fair value interest rate risk

Refer to (e) below.

b. Credit risk

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

Credit risk further arises in relation to financial guarantees given to certain parties (see note 23). 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.

	2011	**2010**
	$000	**$000**
Trade receivables	110,962	45,629
Cash at bank and short term bank	75,149	103,608
Held to maturity investments	1,599,552	1,312,863
Derivative financial instruments	40,687	27,348

c. Liquidity risk

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

(i) Financing arrangements

The Group has no current need of external funding lines.

2. FINANCIAL RISK MANAGEMENT (continued)

d. Maturity of financial liabilities
Non-derivative financial liabilities of the Group all mature within one year. The maturity groupings of derivative financial instruments are detailed in note 36.

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

Based on the deposits held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by $12,300,000 (2010 - $12,941,000).

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

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

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

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

The following table presents the group's assets measured and recognised at fair value at 31 July 2011 and 31 July 2010.

2011	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets				
Derivatives used for hedging	-	40,687	-	40,687
Available for sale financial assets				
Equity securities	92,392	-	-	92,392
Total assets	92,392	40,687	-	133,079

2010	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets				
Derivatives used for hedging	-	27,348	-	27,348
Available for sale financial assets				
Equity securities	665,399	-	-	665,399
Total assets	665,399	27,348	-	692,747

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a. Critical accounting estimates and assumptions

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

(i) Rehabilitation

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

(ii) Determination of coal reserves and coal resources

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

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

(i) Exploration and development expenditure

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

(ii) Impairment of available for sale financial assets

In the 2011 financial statements, the Group made a significant judgement about the impairment of a number of its available for sale financial assets.

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available for sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

4. FINANCIAL REPORTING SEGMENTS

a. Description of segments

The Group has two reportable segments, namely Coal mining (including exploration, development, production, processing, associated transport infrastructure and ancillary activities) and Investments (including cash, held to maturity investments and available for sale financial assets). Current coal mining operations are managed as a single integrated coal chain including transportation and infrastructure.

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

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

Segment information is presented on the same basis as that used for internal reporting purposes. There are no significant transactions between the reportable segments.

4. FINANCIAL REPORTING SEGMENTS (continued)

b. Segment information

	Notes	Coal mining $000	Investments $000	Total $000
Year ended 31 July 2011				
Total segment revenue - external customers	5	**561,947**	**100,457**	**662,404**
Reportable segment profit before income tax		**108,686**	**100,010**	**208,696**
Total segment profit before income tax includes:				
Interest Revenue	5	-	100,457	100,457
Deprecation and Amortisation	7	39,521	-	39,521
Share of net profit / (loss) of associate	40	-	(447)	(447)
Reportable segment assets		**950,333**	**1,798,915**	**2,749,248**
Total segment assets includes:				
Investments accounted for using the equity method	40	-	31,825	31,825
Additions to non-current assets		273,223	-	273,223
Year ended 31 July 2010				
Total segment revenue - external customers	5	**643,196**	**101,786**	**744,982**
Reportable segment profit before income tax		**142,797**	**101,786**	**244,583**
Total segment profit before income tax includes:				
Interest Revenue	5	-	101,786	101,786
Deprecation and Amortisation	7	37,983	-	37,983
Share of net profit / (loss) of associate	40	-	-	-
Reportable segment assets		**570,631**	**2,081,867**	**2,652,498**
Total segment assets includes:				
Investments accounted for using the equity method	40	-	-	-
Additions to non-current assets		81,753	-	81,753

	2011 $000	2010 $000
Reconciliation of reportable segment profit and loss		
Total profit for reportable segments	208,696	244,583
Non regular items		
Profit relating to sale of Arrow Energy Limited	466,192	-
Profit relating to sale of interest in New Lenton Joint Venture	57,740	-
Impairment expense relating to listed equity securities	(13,531)	-
Consolidated profit before income tax	719,097	244,583

c. Other segment information

(i) Segment revenue

	2011 $000	2010 $000
Total segment revenue		
Japan	192,613	200,429
Taiwan / China	287,748	346,107
Chile	17,860	9,676
Hawaii	2,163	5,967
Australia	61,563	81,017
	561,947	643,196
Investment income - Australia	100,457	101,786
	662,404	744,982

Included within revenue for the coal mining segment are customers that represent more than 10 per cent of the Group's total revenue. For the year ended 31 July 2011, one customer contributed $202,153,000 sales revenue (2010 - $127,850,000) whilst another customer contributed $156,786,000 in sales revenue (2010 - $139,304,000).

(ii) Segment assets

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

	2011 $000	2010 $000
5. REVENUE		
From continuing operations		
Sales revenue		
Sale of goods	537,412	612,919
Services	21,008	13,822
	558,420	626,741
Other revenue		
Property rent	768	712
Interest	100,457	101,786
Sundry revenue	2,759	15,743
	662,404	744,982

	2011 $000	2010 $000
6. OTHER INCOME		
From continuing operations		
Gain on sale of non-current assets (i) (ii)	524,127	127
Non regular items in Other Income include:		
(i) Gain of sale of Arrow Energy Limited Investment (note 38)	466,192	-
Tax expense	(136,837)	-
Profit after tax	329,355	-
(ii) Gain on sale of New Lenton Joint Venture	57,740	-
Tax expense	(17,412)	-
Profit after tax	40,328	-

	2011 $000	2010 $000
7. EXPENSES		
Profit before income tax includes the following specific expenses:		
Foreign exchange gains and losses		
Net foreign exchange losses	7,522	3,184
Depreciation		
Buildings	291	252
Plant and equipment	32,245	28,085
	32,536	28,337
Amortisation		
Mining reserves and mine development	6,024	7,477
Software	961	2,169
	6,985	9,646
Other charges against assets		
Bad and doubtful debts	29	17
Impairment of held for sale investments	13,531	-
Exploration costs expensed	16,294	13,402
Defined contribution superannuation expense	5,354	4,701
Employee benefits expensed	79,431	70,093
Operating lease costs expensed	3,106	2,011

8. INCOME TAX EXPENSE

a. Tax consolidation legislation

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

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

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

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

	2011 $000	2010 $000
b. Income Tax Expense		
Current tax	208,850	83,851
Deferred tax	9,351	(17,769)
Under / (over) provided in prior years	(2,203)	(5,331)
	215,998	**60,751**
Deferred income tax expense / (revenue) included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(1,864)	(1,471)
(Decrease) / increase in deferred tax liabilities	11,215	(16,298)
	9,351	**(17,769)**
c. Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax	719,097	244,583
Income tax calculated at 30% (2010 - 30%)	215,729	73,375
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Net capital gains	(3,020)	-
Share based payment expense	7	(6,315)
Impairment expense	4,059	-
Investment allowance	-	(1,706)
Sundry items	1,426	728
	218,201	66,082
Under / (over) provided prior year	(2,203)	(5,331)
Income tax expense	**215,998**	**60,751**
d. Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax - credited / (debited) directly to equity (note 24)	138,167	(31,051)
	138,167	**(31,051)**

	2011 $000	2010 $000
9. DIVIDENDS - New Hope Corporation Limited		
a. Ordinary dividend paid		
2009 final dividend of 4.5 cents per share - 100% franked at a tax rate of 30% (paid on 10 Nov 2009)	-	37,180
2009 special dividend of 72.75 cents per share - 100% franked at a tax rate of 30% (paid on 10 Nov 2009)	-	601,083
2010 interim dividend of 5.0 cents per share - 100% franked at a tax rate of 30% (paid on 5 May 2010)	-	41,387
2010 final dividend of 4.5 cents per share - 100% franked at a tax rate of 30% (paid on 9 Nov 2010)	37,361	-
2010 special dividend of 14.0 cents per share - 100% franked at a tax rate of 30% (paid on 9 Nov 2010)	116,232	-
2011 interim dividend of 5.25 cents per share - 100% franked at a tax rate of 30% (paid on 4 May 2011)	43,587	-
Total dividends paid	**197,180**	**679,650**

b. Proposed dividends

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 5.0 cents and a special dividend of 15.0 cents per fully paid share, (2010 - 4.5 cents per share and 14.0 cents per share respectively). Both dividends are fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 8 November 2011 but not recognised as a liability at year end is $166,046,110 (2010 - $153,592,652).

c. Franked dividends

The franked portions of the final dividends recommended after 31 July 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2011

	2011	2010
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 - 30%)	664,461	544,271

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

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $71,162,618 (2010 - $65,825,422).

d. Dividend reinvestment plans

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

	2011 $000	2010 $000
10. CURRENT ASSETS - Cash and cash equivalents		
Cash at bank and on hand	75,149	103,608
	75,149	103,608

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 cashflows of the group, and attracts interest at rates between 0% and 5.1% (2010 - 0% to 4.8%).

b. Risk exposure

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

	2011 $000	2010 $000
11. CURRENT ASSETS - Receivables		
Trade receivables	30,741	35,236
Provision for impairment of receivables (a)	-	(48)
	30,741	35,188
Other receivables (c)	75,813	7,408
Prepayments	4,408	3,033
	110,962	45,629
a. Impaired trade receivables		
Nominal value of impaired receivables	-	48
Provision for impairment	-	48

The individually impaired receivables relate to customers in receivership. Prior year amounts are fully provided for.

	2011 $000	2010 $000
The aging of these receivables is as follows:		
1 to 3 months	-	-
4 to 6 months	-	29
Over 6 months	-	19
	-	48
Movements in the provision for impairment of receivables		
Carrying amount at beginning of year	48	31
Provision for impairment recognised during year	3	29
Receivables written off during year as uncollectible	(51)	(12)
	-	48

b. Past due but not impaired

As of 31 July 2011, no trade receivables were past due but not impaired. These relate to customers who have no recent history of default.

c. Other receivables

These amounts relate to long service leave payments recoverable from the Coal Mining Industry Long Service Leave Fund, diesel fuel rebates receivable, GST refunds receivable and a receivable from the sale of 10% of Lenton. None of these receivables are impaired or past due but not impaired. As at 31 July 2011, $58,040,000 was included in other receivables for the sale of the Lenton Project and Joint Venture (see note 41).

d. Foreign exchange and interest rate risk

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

e. Fair value and credit risk

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

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

	2011 $000	2010 $000
12. CURRENT ASSETS - Inventories		
Coal stocks at cost	45,228	29,355
Raw materials and stores at cost	18,180	15,760
	63,408	45,115

a. Inventory expense

Inventories recognised as an expense during the year ended 31 July 2011 amounted to $218,524,000 (2010 - $195,034,000).

13. CURRENT ASSETS - Held to maturity investments

	2011 $000	2010 $000
Term Deposits	1,599,552	1,312,863
	1,599,552	1,312,863

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 5.94% (2010 - 5.43%). Due to their short-term nature their carrying value is assumed to approximate their fair value. Information about the Group's exposure to credit risk is disclosed in note 2.

14. CURRENT ASSETS - Other

	2011 $000	2010 $000
Security deposits	303	118
Securities subscription	2,499	-
	2,802	118

The subscription for securities relates to payments made in relation to Northern Energy Corporation Limited's required subscription for preference shares to be issued as part of the project financing for the development of stage 1 of the Wiggins Island Port Development Project. The securities will be issued on financial close for stage 1.

15. CURRENT ASSETS - Current assets classified as held for sale

	2011 $000	2010 $000
At beginning of year	576,211	-
Disposals	(576,211)	-
Transfer from available for sale assets	-	576,211
At end of year	-	576,211
Listed securities		
Equity securities (i)	-	576,211
	-	576,211

(i) Comprises the investment in Arrow Energy Limited which at 31 July 2011 was valued at nil (2010 - $576,211,000).

Information about the Group's exposure to price risk is included in note 2.

Information about the sale of the investment in Arrow Energy Limited is included in note 38.

16. NON-CURRENT ASSETS - Receivables

	2011 $000	2010 $000
Prepayments	2,275	2,789
Other receivables	3,165	1,495
	5,440	4,284

a. Interest rate risk

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

b. Fair value of receivables

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

	2011 $000	2010 $000
17. NON-CURRENT ASSETS - Available for sale financial assets		
Listed securities		
Equity securities	92,386	89,182
Unlisted securities		
Equity securities	3	3
	92,389	89,185

An impairment expense of $13,531,000 (2010 - $nil) has been recognised on listed equity securities held and is included in other expenses at note 7.

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

	2011 $000	2010 $000
Land and buildings - non-mining		
Freehold land at cost	1,049	1,049
Buildings at cost	8,069	5,607
Accumulated depreciation	(574)	(393)
	7,495	5,214
Total land and buildings - non-mining	8,544	6,263
Land and buildings - held for mining		
Freehold land at cost	110,804	102,722
Buildings at cost	5,574	5,161
Accumulated depreciation	(718)	(608)
	4,856	4,553
Total land and buildings - held for mining	115,660	107,275
Plant and equipment		
Plant and equipment at cost	450,279	406,229
Accumulated depreciation	(184,298)	(161,167)
	265,981	245,062
Motor vehicles		
Motor vehicles at cost	5,255	5,268
Accumulated depreciation	(2,602)	(2,168)
	2,653	3,100
Mining reserves and leases		
Mining reserves and leases at cost	228,297	9,813
Accumulated amortisation	(7,017)	(6,700)
	221,280	3,113
Mine properties, mine development		
Mine properties, mine development at cost	59,286	59,286
Accumulated amortisation	(36,877)	(31,170)
	22,409	28,116
Plant and equipment under construction	27,674	45,094
Total Property, plant and equipment	664,201	438,023

18. NON-CURRENT ASSETS - Property, plant and equipment (continued)

	2011 $000	2010 $000
Reconciliations		
Land and buildings - non-mining		
Carrying amount at beginning of year	6,263	6,576
Additions	-	-
Depreciation	(181)	(149)
Transfers in / (out)	2,462	(164)
Carrying amount at end of year	8,544	6,263
Land and buildings - held for mining		
Carrying amount at beginning of year	107,275	100,499
Additions	8,108	6,428
Disposals	-	(1)
Depreciation	(110)	(103)
Transfers in / (out)	387	452
Carrying amount at end of year	115,660	107,275
Plant and equipment		
Carrying amount at beginning of year	245,062	198,756
Additions	38	3,965
Disposals	(16)	(204)
Depreciation	(31,185)	(27,075)
Transfers in / (out)	52,082	69,620
Carrying amount at end of year	265,981	245,062
Motor vehicles		
Carrying amount at beginning of year	3,100	2,353
Additions	42	45
Disposals	(145)	(279)
Depreciation	(1,060)	(1,010)
Transfers in / (out)	716	1,991
Carrying amount at end of year	2,653	3,100
Mining reserves and leases		
Carrying amount at beginning of year	3,113	3,447
Additions	218,484	-
Amortisation	(317)	(334)
Carrying amount at end of year	221,280	3,113
Mine properties and mine development		
Carrying amount at beginning of year	28,116	29,044
Additions	-	4,283
Disposals	-	(38)
Amortisation	(5,707)	(7,143)
Transfers in / (out)	-	1,970
Carrying amount at end of year	22,409	28,116
Plant and equipment under construction		
Carrying amount at beginning of year	45,094	53,683
Additions	41,196	66,568
Disposals	-	(492)
Transfers in / (out)	(58,616)	(74,665)
Carrying amount at end of year	27,674	45,094

	2011 $000	2010 $000
19. NON-CURRENT ASSETS - Exploration and evaluation		
Exploration and evaluation at cost	8,085	3,030
	8,085	3,030
Reconciliation		
Carrying amount at beginning of year	3,030	2,572
Additions	5,355	458
Disposals	(300)	-
Carrying amount at end of year	8,085	3,030

20. NON-CURRENT ASSETS - Deferred tax assets

	2011 $000	2010 $000
The balance comprises temporary differences attributed to :		
Amounts recognised in profit and loss		
Accrued expenses	89	197
Employee benefits	4,835	3,817
Mine site rehabilitation provision	5,945	5,926
Other	2,436	1,501
	13,305	11,441
Set-off of deferred tax liabilities pursuant to set-off provisions (note 24)	(13,305)	(11,441)
Net deferred tax assets	-	-
Movements		
Carrying amount at beginning of year	11,441	9,970
Credited / (charged) to the income statement	1,864	1,471
Carrying amount at end of year	13,305	11,441
Deferred tax assets to be recovered after more than 12 months	12,733	10,862
Deferred tax assets to be recovered within 12 months	572	579
	13,305	11,441

21. NON-CURRENT ASSETS - Intangibles

	2011 $000	2010 $000
Software		
Software at cost (i)	9,818	7,271
Accumulated amortisation	(6,324)	(5,783)
	3,494	1,488
Goodwill		
Goodwill at cost	51,254	5,596
	51,254	5,596
Total Intangibles	54,748	7,084
Reconciliation		
Software (i)		
Carrying amount at beginning of year	1,488	2,857
Additions	-	6
Disposals	(2)	(2)
Transfers in / (out)	2,969	796
Amortisation (ii)	(961)	(2,169)
Carrying amount at end of year	3,494	1,488

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

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

	2011 $000	2010 $000
21. NON-CURRENT ASSETS - Intangibles (continued)		
Reconciliation (continued)		
Goodwill		
Carrying amount at beginning of year	5,596	5,596
Acquisition of subsidiary	45,658	-
Carrying amount at end of year	51,254	5,596

Brought forward goodwill relates to the acquisition of a subsidiary from an independent third party in an arms length transaction. The increase in goodwill in the current year relates to the acquisition of Northern Energy Corporation Limited in an arm's length transaction as set out in Note 39. The recoverable amount of the cash generating units (being the mining tenements in Northern Energy Corporation Limited) are determined based on value in use calculations. These calculations use post-tax cash flow projections based on constant annual coal production over the life of the mines (12-30 years) discounted using a post-tax real discount rate, coal prices of US$85-US$145 per tonne and a AUD/USD exchange rate of $0.80. The equivalent pre-tax discount rate is 10%. These assumptions are consistent with external sources of information.

22. CURRENT LIABILITIES - Accounts payable

	2011 $000	2010 $000
Trade payables and accruals	51,639	57,053
	51,639	57,053

23. CURRENT LIABILITIES - Financing Arrangements

a. Financing arrangements

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

	2011 $000	2010 $000
Total facilities		
Other facilities (i)	55,000	55,540
	55,000	55,540
Used at balance date		
Other facilities	37,578	36,748
	37,578	36,748
Unused at balance date		
Other facilities	17,422	18,792
	17,422	18,792

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

b. Guarantees

The parent entity has given unsecured guarantees in respect of:

	2011 $000	2010 $000
(i) Mining restoration and rehabilitation The liability has been recognised by the consolidated entity in relation to its rehabilitation obligations. See notes 25, 26 and 1(aa).	23,526	22,401
(ii) Statutory body suppliers No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.	14,052	14,347

24. NON-CURRENT LIABILITIES - Deferred tax liabilities

The balance comprises temporary differences attributed to:

	2011 $000	2010 $000
Amounts recognised in profit and loss		
Other accounts receivable	14,223	21,112
Inventories	4,979	4,754
Property plant and equipment	14,220	11,622
Mine reserves	839	934
Other	17,738	2,362
	51,999	40,784

	2011 $000	2010 $000
24. NON-CURRENT LIABILITIES - Deferred tax liabilities (continued)		
Amounts recognised relating to deferred tax liabilities from acquisition of subsidiary		
Mine reserves	65,545	-
Other	(8,563)	-
	56,982	-
Amounts recognised directly in equity		
Cash flow hedges	12,206	8,204
Property plant and equipment	7,160	7,160
Available for sale financial assets	7,524	149,693
	135,871	205,841
Set-off of deferred tax assets pursuant to set-off provisions (note 20)	(13,305)	(11,441)
Net deferred tax liabilities	122,566	194,400
Carrying amount at beginning of year	205,841	191,088
Charged / (credited) to the income statement	11,215	(16,298)
Charged / (credited) to equity	(138,167)	31,051
Amounts recognised on acquisition of subsidiary	56,982	-
Carrying amount at end of year	135,871	205,841
Deferred tax liabilities to be settled after more than 12 months	116,669	179,975
Deferred tax liabilities to be settled within 12 months	19,202	25,866
	135,871	205,841

25. CURRENT LIABILITIES - Provisions

	2011 $000	2010 $000
Employee benefits (c)	17,331	15,940
Mining restoration and rehabilitation (note 1(aa))	1,923	2,453
	19,254	18,393
a. Mining restoration and rehabilitation		
Current	1,923	2,453
Non-current	17,895	17,299
	19,818	19,752
Movements		
Carrying amount at beginning of year	19,752	17,919
Additional provision recognised	66	1,833
Carrying amount at end of year	19,818	19,752
b. Amounts not expected to be settled within the next 12 months		
Long service leave obligations expected to be settled after 12 months	2,712	3,662

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

	2011 $000	2010 $000
26. NON-CURRENT LIABILITIES - Provisions		
Employee benefits	4,241	1,674
Mining restoration and rehabilitation (note 1(aa))	17,895	17,299
	22,136	18,973

27. 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. As at 31 July 2011 there were nil (2010 - 2,500,000) options (management and shareholder) over ordinary shares in the company.

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

b. Options

Information relating to the New Hope Corporation Employee Share Option Plan (management options), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 38.

Ordinary options were issued to shareholders as part of the initial public offering in 2003. Options were exercisable until 10 September 2008 at an exercise price of $0.35.

	2011 No. of shares	2011 $000	2010 No. of shares	2010 $000
c. Share Capital				
Issued and paid up capital	830,230,549	91,500	827,730,549	84,226

d. Movements in share capital

Date	Details	Number of Shares	Issue Price	$000
1 August 2009	Opening Balance	816,512,549		66,227
13 August 2009	Exercise of management options	150,000	$1.2350	185
17 August 2009	Exercise of management options	250,000	$1.2350	309
28 August 2009	Exercise of management options	750,000	$1.2350	926
14 September 2009	Exercise of management options	750,000	$1.2350	926
23 September 2009	Exercise of management options	850,000	$1.2350	1,050
29 September 2009	Exercise of management options	75,000	$1.2350	93
30 September 2009	Exercise of management options	1,250,000	$1.2350	1,544
2 October 2009	Exercise of management options	1,338,000	$1.2350	1,652
5 October 2009	Exercise of management options	500,000	$1.2880	644
8 October 2009	Exercise of management options	100,000	$1.2350	123
9 October 2009	Exercise of management options	2,605,000	$1.2350	3,217
14 October 2009	Exercise of management options	600,000	$1.2350	741
20 October 2009	Exercise of management options	500,000	$1.2350	618
31 January 2010	Transfer of ESOP reserve to Equity			3,381
9 February 2010	Exercise of management options	750,000	$1.4130	1,060
23 February 2010	Exercise of management options	250,000	$1.4130	353
7 April 2010	Exercise of management options	500,000	$1.3600	680
31 July 2010	Transfer of ESOP reserve to Equity			497
31 July 2010	**Balance**	**827,730,549**		**84,226**
16 August 2010	Exercise of management options	2,500,000	$2.104	5,260
31 July 2011	Transfer of ESOP reserve to Equity			2,014
31 July 2011	**Balance**	**830,230,549**		**91,500**

27. CONTRIBUTED EQUITY (continued)

e. Capital risk management

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

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

	2011 $000	2010 $000
28. RESERVES		
a. Reserves		
Capital profits	1,343	1,343
Available-for-sale investments revaluation	16,615	353,615
Property, plant and equipment revaluation	27,412	27,412
Hedging	28,481	19,145
Share-based payments	-	1,989
	73,851	403,504
Movements		
Capital profits		
Carrying amount at beginning of year	1,343	1,343
Carrying amount at end of year	1,343	1,343
Available for sale investments revaluation		
Carrying amount at beginning of year	353,615	284,851
Revaluation - gross	(19,505)	98,234
Revaluation - deferred tax	5,852	(29,470)
Transfer to profit or loss - impairment expense	9,472	-
Transfer to profit or loss - sale of Arrow Energy Limited	(326,335)	-
Elimination on acquisition of subsidiary - Northern Energy Corporation Limited	(6,484)	-
Carrying amount at end of year	16,615	353,615
Property, plant and equipment revaluation		
Carrying amount at beginning of year	27,412	27,412
Carrying amount at end of year	27,412	27,412
Hedging		
Carrying amount at beginning of year	19,145	15,877
Transfer to net profit - gross	(43,129)	(28,151)
Transfer to net profit - deferred tax	12,939	8,445
Revaluation - gross	56,466	32,820
Revaluation - deferred tax	(16,940)	(9,846)
Carrying amount at end of year	28,481	19,145
Share-based payment		
Carrying amount at beginning of year	1,989	5,175
Option expense	25	692
Transfer to contributed equity	(2,014)	(3,878)
Carrying amount at end of year	-	1,989

Nature and purpose of reserves

Capital profits

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

Available for sale investments revaluation

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

28. RESERVES (continued)

a. Reserves (continued)

Nature and purpose of reserves (continued)

Property, plant and equipment revaluation

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

Hedging

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

Share based payment reserve

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

	2011 $000	2010 $000
b. Retained profits		
Carrying amount at beginning of year	1,851,795	2,347,613
Net profit after income tax	503,234	183,832
Dividends paid (note 9)	(197,180)	(679,650)
Carrying amount at end of year	2,157,849	1,851,795

29. CONTINGENT LIABILITIES

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

Controlled entities	2011 $000	2010 $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.	15,017	14,454
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stages 1 and 2 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities	11,892	-

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

30. COMMITMENTS

	2011 $000	2010 $000
a. Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Property plant and equipment		
Within one year	13,263	10,934
Later than one year but not later than five years	-	-
Later than five years	-	-
	13,263	10,934

b. Lease commitments: Group as lessee

(i) Non-cancellable operating leases

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

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	2011	2010
Within one year	3,268	2,888
Later than one year but not later than five years	14,029	13,085
Later than five years	57,795	60,368
	75,092	76,341

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

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

Chairman - non-executive
Mr R.D. Millner

Non executive Directors
Mr P.R. Robinson
Mr D.J. Fairfull
Mr D.C. Williamson
Mr W.H. Grant

Executive Directors

Mr R.C. Neale	Chief Executive Officer and Managing Director

b. Other key management personnel

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

Name	Position	Employer
Mr M.L. Bailey (1)	Chief Operations Officer	New Hope Corporation Limited
Mr S.O. Stephan (4)	Chief Financial Officer	New Hope Corporation Limited
Mr B.J. Garland (2)	General Manager - Resource Development	New Hope Corporation Limited
Mr C.C. Hopkins	General Manager - Marketing	New Hope Corporation Limited
Mr C.W. Easton	General Manager - Business Improvement	New Hope Corporation Limited
Mr B.D. Denney (5)	Chief Operations Officer	New Hope Corporation Limited
Mr M. J. Busch	Financial Controller and Company Secretary	New Hope Corporation Limited
Mr J.R. Randell	General Manager - Acland	New Hope Corporation Limited
Mr P. Stringer	General Manager - West Moreton	New Hope Corporation Limited
Mr K. Palfrey	General Manager - Projects	New Hope Corporation Limited
Mr D. Brown-Kenyon (3)	General Manager - Corporate Development and Government Relations	New Hope Corporation Limited

(1) Mr Bailey resigned 10 September 2010.
(2) Mr Garland resigned 30 September 2010.
(3) Mr Brown-Kenyon resigned 19 March 2010.
(4) Mr Stephan was appointed 31 August 2009.
(5) Mr Denney was appointed 2 November 2010.

c. Key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	6,026,883	4,378,082
Long-term employee benefits	30,028	21,921
Post employment benefits	194,048	142,779
Termination benefits	66,238	308,776
Share based payment	23,753	644,321
	6,340,950	5,495,879

Detailed remuneration disclosures can be found in sections (a) to (e) of the remuneration report on pages 11 to 15.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

d. Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, can be found in section (d) of the remuneration report on pages 11 to 15.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of New Hope Corporation Limited and other key management personnel of the Group, including their personally related entities are as follows:

	Opening balance	Movements during the year			Closing balance	Vested & exercisable
		Granted	Purchased / (Sold)	Exercised		
Directors of New Hope Corporation Ltd - 2011						
Mr R.D. Millner	-	-	-	-	-	-
Mr P.R. Robinson	-	-	-	-	-	-
Mr D.J. Fairfull	-	-	-		-	-
Mr D.C. Williamson	-	-	-	-	-	-
Mr W.H. Grant	-	-	-	-	-	-
Mr R.C. Neale	-	-	-	-	-	-
Other key management personnel of the Group - 2011						
Mr M.L. Bailey	1,500,000	-	-	(1,500,000)	-	-
Mr S.O. Stephan	-	-	-	-	-	-
Mr B.J. Garland	1,000,000	-	-	(1,000,000)	-	-
Mr D. Brown-Kenyon	-	-	-	-	-	-
Mr C.C. Hopkins	-	-	-	-	-	-
Mr C.W. Easton	-	-	-	-	-	-
Mr B.D. Denney	-	-	-	-	-	-
Mr M.J. Busch	-	-	-	-	-	-
Mr J.R. Randell	-	-	-	-	-	-
Mr P. Stringer	-	-	-	-	-	-
Mr K. Palfrey	-	-	-	-	-	-
Directors of New Hope Corporation Ltd - 2010						
Mr R.D. Millner	-	-	-	-	-	-
Mr P.R. Robinson	-	-	-	-	-	-
Mr D.J. Fairfull	-	-	-		-	
Mr D.C. Williamson	-	-	-	-	-	-
Mr W.H. Grant	-	-	-	-	-	-
Mr R.C. Neale	2,000,000	-	-	(2,000,000)	-	-
Other key management personnel of the Group - 2010						
Mr M.L. Bailey	1,500,000	-	-	-	1,500,000	-
Mr S.O. Stephan	-	-	-	-	-	-
Mr B.J. Garland	1,000,000	-	-	-	1,000,000	-
Mr D. Brown-Kenyon	1,250,000	-	-	(1,250,000)	-	-
Mr C.C. Hopkins	1,250,000	-	-	(1,250,000)	-	-
Mr C.W. Easton	1,000,000			(1,000,000)	-	-

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

d. Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings

The number of shares in the company held during the financial year by each Director of New Hope Corporation Limited and other key management personnel of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Opening balance	Purchased / (sold)	Movements during the year: Received from options exercised	Movements during the year: Other	Closing balance
Directors of New Hope Corporation Ltd - 2011					
Mr R.D. Millner	3,620,573	50,000	-	-	3,670,573
Mr P.R. Robinson	109,234	-	-	-	109,234
Mr D.J. Fairfull	11,000	-	-	-	11,000
Mr D.C. Williamson	20,000	-	-	-	20,000
Mr W.H. Grant	20,000	10,000	-	-	30,000
Mr R.C. Neale	2,005,500	-	-	-	2,005,500
Other key management personnel of the Group - 2011					
Mr M.L. Bailey	5,000	(885,000)	1,500,000	-	620,000
Mr S.O. Stephan	-	-	-	-	-
Mr B.J. Garland	-	(1,000,000)	1,000,000	-	-
Mr C.C. Hopkins	37,230	-	-	-	37,230
Mr C.W. Easton	1,000,000	(166,921)	-	-	833,079
Mr B.D. Denney	-	-	-	-	-
Mr M.J. Busch	675,000	(25,000)	-	-	650,000
Mr J.R. Randell	-	-	-	-	-
Mr P. Stringer	-	-	-	-	-
Mr K. Palfrey	-	-	-	-	-
Directors of New Hope Corporation Ltd - 2010					
Mr R.D. Millner	3,570,573	50,000	-	-	3,620,573
Mr P.R. Robinson	67,447	41,787	-	-	109,234
Mr D.J. Fairfull	11,000	-	-	-	11,000
Mr D.C. Williamson	20,000	-	-	-	20,000
Mr W.H. Grant	20,000	-	-	-	20,000
Mr R.C. Neale	1,005,500	(1,000,000)	2,000,000	-	2,005,500
Other key management personnel - 2010					
Mr M.L. Bailey	-	5,000	-	-	5,000
Mr S.O. Stephan	-	-	-	-	-
Mr B.J. Garland	-	-	-	-	-
Mr D. Brown-Kenyon	850,000	(2,100,000)	1,250,000	-	-
Mr C.C. Hopkins	-	(1,212,770)	1,250,000	-	37,230
Mr C.W. Easton	-	-	1,000,000	-	1,000,000

The Directors and their related entities received dividends during the year in respect of their shareholdings in the Company consistent with other shareholders.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

e. Other transactions of key management personnel

Mr D.J. Fairfull is a Director of New Hope Corporation Limited. Mr Fairfull also had an interest in Pitt Capital Partners Limited which acted as Financial Advisor to the Company for various corporate transactions during the 2011 and 2010 financial years. All transactions are at prices similar to those with other customers.

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

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

	2011 $	2010 $
Legal advice	895,561	997,499
Financial advice fees paid	2,126,424	685,239

f. Loans to key management personnel

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

32. RELATED PARTY TRANSACTIONS

a. Parent entities

The parent entity within the Group is New Hope Corporation Limited. The ultimate Australian parent entity and controlling entity is Washington H. Soul Pattinson & Company Limited (WHSP) which at 31st July 2011 owned 59.71% (2010 - 59.89%) of the issued ordinary shares of New Hope Corporation Limited.

b. Key management personnel

Disclosures relating to key management personnel are set out in note 31.

	2011 $	2010 $
c. Transactions with related parties		
Other transactions		
Dividends paid to ultimate Australian controlling entity (WHSP)	117,727,899	407,710,304

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

No provision for impairment of receivables has been raised to any outstanding balances. An impairment expense of $nil (2010 - $nil) has been recognised in the books of the parent entity in respect of amounts owing from subsidiaries. This has no effect on the Group result.

e. Terms and conditions

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

33. REMUNERATION OF AUDITORS

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

	2011 $	2010 $
a. Audit services		
PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the *Corporations Act 2001*	302,447	279,629
Non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	10,000	-
Total remuneration for audit services	312,447	279,629
b. Other services		
PricewaterhouseCoopers Australian firm		
Transaction advisory services	429,509	421,822
General advisory services	100,611	144,371
Tax compliance services	315,726	249,899
Research and development compliance services	208,777	216,864
Non PricewaterhouseCoopers firms		
Taxation services	6,130	-
Total remuneration for other services	1,060,753	1,032,956
Total auditors' remuneration	1,373,200	1,312,585

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

	2011 $000	2010 $000
Profit after income tax	503,099	183,832
Depreciation and amortisation	39,521	37,983
Non-cash employee benefit expense - share based payments	25	692
Impairment costs of held for sale assets	13,531	-
Net foreign exchange (gain) / loss	7,522	3,184
Net (profit) / loss on sale of non-current assets	(524,127)	(127)
Investment interest income	(100,457)	(101,786)
Exploration and evaluation expenses	16,294	13,402
Income taxes paid	(66,652)	(798,462)
Income tax expense in accounts	215,998	60,751
Share of (profits) / losses of associates	447	-
Changes in operating assets and liabilities		
(Increase) / decrease in debtors	(16,959)	(8,597)
Increase / (decrease) in creditors	(6,111)	22,862
(Increase) / decrease in other receivables	(1,670)	(293)
(Increase) / decrease in other assets	(2,519)	6
(Increase) / decrease in inventories	(18,293)	(6,058)
Increase / (decrease) in provisions and employee entitlements	3,917	3,334
(Increase) / decrease in prepayments	(834)	39
Net cash provided by operating activities	62,733	(589,238)

35. EARNINGS PER SHARE

	Earnings per share (cents) 2011	2010
a. Basic earnings per share from continuing operations attributable to ordinary equity holders of the Company	60.6	22.3
b. Diluted earnings per share from continuing operations attributable to ordinary equity holders of the Company	60.6	22.2

	Basic and Diluted 2011 $000	2010 $000
c. Reconciliation of adjusted profits		
Profit from continuing operations attributable to the ordinary equity holders of the Company	503,234	183,832

	Consolidated 2011	2010
d. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares (basic)	830,127,809	825,292,601
Options	-	3,251,888
Weighted average number of ordinary shares (diluted)	830,127,809	828,544,489

e. Options 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 options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 37.

36. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 $000	2010 $000
CURRENT ASSETS		
Forward foreign exchange contracts	31,880	15,673
NON-CURRENT ASSETS		
Forward foreign exchange contracts	8,807	11,675

a. Instruments used by the Group

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

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

At balance date these contracts were assets with fair value of $40,687,000 (2010 - $27,348,000).

At balance date the details of outstanding contracts are (Australian Dollar equivalents):

Sell US Dollars	**Buy Australian Dollars**		**Average exchange rate**	
	2011	**2010**	**2011**	**2010**
Maturity	**$000**	**$000**		
0 to 6 months	112,572	94,845	0.95050	0.82239
6 to 12 months	182,283	99,485	0.94359	0.79409
1 to 2 years	39,519	71,058	0.75913	0.73179
2 to 5 years	-	39,519	-	0.75913
	334,374	304,907		

b. Credit risk exposures

Credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. A material exposure arises from forward exchange contracts and the consolidated entity is exposed to loss in the event that counterparties fail to deliver the contracted amount. At balance date $334,374,000 (2010 - $304,907,000) was receivable (AUD equivalents).

37. SHARE-BASED PAYMENTS

Options are granted under the New Hope Corporation Ltd Employee Share Option 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.

Options are granted for no consideration. Options are granted for a 5 year period, and vest after the third anniversary of the date of grant.
Total expense arising from options issued under the employee share option plan during the financial year was $25,000 (2010 - $692,000).

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

2011

Grant date	Expiry date	Exercise Price	Balance at beginning of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
13 Aug 2007	12 Aug 2012	$2.104	2,500,000	-	2,500,000	-	-	-
Total			**2,500,000**	**-**	**2,500,000**	**-**	**-**	**-**
Weighted average exercise price			2.1040		2.1040			

The weighted average share price at the date of exercise of options exercised during the 2011 year was $4.79 (2010 - $5.45).

2010

Grant date	Expiry date	Exercise Price	Balance at beginning of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
3 Jan 2006	2 Jan 2011	$1.235	9,218,000	-	(9,218,000)	-	-	-
8 May 2006	7 May 2011	$1.288	500,000	-	(500,000)		-	-
2 Jan 2007	1 Jan 2012	$1.413	1,000,000	-	(1,000,000)	-	-	-
19 Jan 2007	18 Jan 2012	$1.360	500,000	-	(500,000)	-	-	-
13 Aug 2007	12 Aug 2012	$2.104	2,500,000	-	-	-	2,500,000	-
Total			**13,718,000**	**-**	**(11,218,000)**	**-**	**2,500,000**	**-**
Weighted average exercise price			1.4128		1.2588		2.1040	

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.0 years (2010 - 0.1 years).

The fair value at grant date is independently determined using a monte carlo option pricing model. The inputs and assumptions for each grant made during the year are as follows:

Grant date	Expiry date	Exercise Price	Share price at grant date	Expected volatility	Expected dividend yield	Risk free interest rate	Assessed fair value at grant date
3 Jan 2006	2 Jan 2011	$1.235	$1.230	41.3%	4.6%	5.1%	$0.346
8 May 2006	7 May 2011	$1.288	$1.280	40.5%	3.8%	5.6%	$0.384
2 Jan 2007	1 Jan 2012	$1.413	$1.430	38.0%	6.2%	5.9%	$0.338
19 Jan 2007	18 Jan 2012	$1.360	$1.370	38.0%	6.4%	5.9%	$0.318
13 Aug 2007	12 Aug 2012	$2.104	$2.220	44.0%	4.0%	6.0%	$0.745

Expected volatility was estimated using the weekly (continuously-compounded) returns to New Hope Corporation Limited since its listing in 2003. There are no market related vesting conditions. Expenses arising from share based payment transactions are included in other expenses in the Statement of Comprehensive Income.

38. SALE OF INVESTMENT IN ARROW ENERGY LIMITED

As at 31 July 2010 New Hope Corporation Limited held 122.6 million shares in Arrow Energy Limited at a total adjusted cost of $110.0 million, equivalent to 16.7% of the company. During 2010, a company jointly owned by Royal Dutch Shell and PetroChina issued a proposal to acquire all shares in Arrow Energy Limited for $4.70 cash per share, plus a share in a new entity - Dart Energy Limited - comprised of Arrow Energy Limited's international business and early stage Australian assets. In July 2010 Arrow Energy Limited shareholders approved the demerger and acquisition schemes at extraordinary general meetings.

The sale of the company's 16.7% interest in Arrow Energy Limited settled on 23 August 2010, with New Hope Corporation Limited receiving $576.2 million from the sale. A profit after tax of $329.3 million was recognised in the 2011 financial year.

39. BUSINESS COMBINATION

a. Summary of acquisition

On 28 February 2011, New Hope Corporation Limited's wholly owned subsidiary, Arkdale Pty Ltd, acquired 80.8% of the issued share capital of Northern Energy Corporation Limited. Northern Energy Corporation Limited is a coal exploration company with interests in a portfolio of coking and thermal coal projects in Queensland and New South Wales that are being progressed towards development.

Details of the purchase consideration and the net assets acquired are as follows:	**$000**
Purchase consideration (refer to b. below):	
Previously held interest	3,286
Cash paid - current year	183,634
Total purchase consideration	186,920

The assets and liabilities recognised as a result of the acquisition are as follows:	**Fair value $000**
Cash	11,674
Receivables	2,289
Held to maturity investments	10,255
Property, plant and equipment	218,563
Accounts payables	(112)
Provisions	(107)
Deferred tax liabilities	(56,982)
Net identifiable assets acquired	185,580
Less: non-controlling interests	(44,318)
Add: goodwill	45,658
Net assets acquired	186,920

Goodwill arising on consolidation of $45,658,000 is calculated in accordance with the requirement in IFRS to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base.

There were no acquisitions in the year ended 31 July 2010.

(i) *Non-controlling interests*

In accordance with the accounting policy set out in note 1(b), the Group elected to recognise the non-controlling interest in Northern Energy Corporation Limited at its fair value.

(ii) *Revenue and profit contribution*

The acquired business contributed revenues of $415,000 and net loss of $703,000 to the Group for the period from 28 February 2011 to 31 July 2011. It has been deemed as impractical to determine the effect on consolidated revenue and profit for the year ended 31 July 2011, if the acquisition had occurred on 1 August 2010. Further, the impact is considered to be of an immaterial nature.

b. Purchase consideration	**2011 $000**	**2010 $000**
Outflow of cash to acquire subsidiary, net of cash acquired		
Total cash consideration	183,634	-
Less: Balances acquired		
Cash	(11,674)	-
Outflow of cash - investing activities	171,960	-

Acquisition related costs

Acquisition costs of $3,400,000 are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

	2011 $000	2010 $000
40. INVESTMENTS IN ASSOCIATES		
a. Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	-
Additions	32,272	-
Share of profits after income tax	(447)	-
Carrying amount at the end of the financial year	31,825	-

b. Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

	Ownership Interest %	Company's share of: Assets $000	Liabilities $000	Revenues $000	Profit $000
2011					
Quantex Energy Inc.	25	531	700	163	(185)
Quantex Research Corporation	25	2,813	(4)	1	(244)
Bridgeport Energy Limited	35	31,268	599	2,188	(18)
		34,612	1,295	2,352	(447)

Quantex Energy Inc. and Quantex Research Corporation's unaudited financial statements as at 31 July 2011 have been used to account for the Group's investment. Bridgeport Energy Limited's unaudited financial statements as at 30 June 2011 have been used to account for the Group's investment. It has been deemed impractical to use financial statements of Bridgeport Energy Limited as at 31 July 2011.

41. INTERESTS IN JOINT VENTURES

a. Lenton Project and Joint Venture

On 19 May the Group announced that the terms of sale of a 10% interest in the Lenton project has been executed between member companies of New Hope Corporation Limited and Mai-Liao Power Corporation (MPC), a member of the Formosa Plastics Group of Taiwan. At 31 July 2011 an amount of $58.04 million has been recognised as a receivable in the financial statements which represents the sale of a 10% interest in the Lenton Project.

b. Taroom-Yamala Joint Venture

In March 2006, Northern Energy Corporation Limited, entered into a joint venture in relation to its Yamala (EPC927) project on the following terms:

An external company will earn a 30% Joint Venture interest in the Yamala project (EPC927) through sole funding a three-stage $5.30 million exploration and evaluation programme designed to take the project from its current status as an exploration target to completion of a bankable feasibility study for establishment of a mine within the tenement. On completion of the funding of the $5.30 million farm-in, the external company will have the option to acquire a further 19% joint venture interest for $6.65 million. As at 31 July 2011 the first two stages had been completed by funding of $3.00 million and had earned a 17% interest in the project. At 31 July 2011 $nil is carried as exploration expenditure in relation to EPC927.

42. EVENTS OCCURRING AFTER BALANCE SHEET DATE

a. Northern Energy Corporation Limited Takeover Offer

Subsequent to year end, on 29 August 2011, New Hope Corporation Limited, through one of its subsidiaries, announced an unconditional, cash offer for Northern Energy Corporation Limited of $2.00 per Northern Energy Corporation Limited share. New Hope Corporation Limited has a relevant interest of 80.8% of Northern Energy Corporation Limited's shares and this off market takeover offer is to acquire all outstanding Northern Energy Corporation Limited shares not already owned by New Hope Corporation Limited. New Hope now has in excess of 98% of the equity in NEC.

b. Lenton Project and Joint Venture

On 6 September 2011, New Hope Corporation Limited received $58.04 million in cash for the sale of 10% of the Lenton Project. Upon receipt of these funds, a subsidiary of New Hope Corporation Limited and MPC have formed the Lenton Joint Venture with the objective of furthering the exploration and development of the Lenton Project. The subsidiary has a 90% interest in the joint venture and is entitled to 90% of the output of the joint venture. The Group's interest in the assets employed in the joint venture are included in the balance sheet in accordance with the accounting policies.

43. PARENT ENTITY FINANCIAL INFORMATION

a. Summary financial information

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

	2011 $000	2010 $000
Balance Sheet		
Current assets	1,997,129	1,758,987
Non-current assets	14,221	11,321
Total assets	2,011,350	1,770,308
Current liabilities	463,040	75,029
Non-current liabilities	13,368	20,010
Total liabilities	476,408	95,039
Shareholders' equity		
Issued capital	91,500	84,226
Reserves		
Share-based payments	-	1,990
Retained earnings	1,443,442	1,589,053
	1,534,942	**1,675,269**
Profit for the year	**51,568**	**1,794,128**
Total comprehensive income	**51,568**	**1,794,128**

b. Guarantees entered into by parent entity

	2011 $000	2010 $000
Bank guarantees issued in relation to rehabilitation and utility obligations	23,526	22,401
	23,526	**22,401**

The parent entity has given unsecured guarantees in respect of mining restoration and rehabilitation. The liability has been recognised by the parent entity in relation to its rehabilitation obligations. See notes 25, 26 and 1(aa).

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

c. Contingent liabilities of the parent entity

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

	2011 $000	2010 $000
Controlled entities		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	15,017	14,454

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

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

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

As at 31 July 2011, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $nil (2010 - $163,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

New Hope Corporation Limited and Controlled Entities

Directors Declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 22 to 64 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 2011 and of their performance, for the financial year ended on that date; and

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

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

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

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

R.D. Millner
Director

D.C. Williamson
Director

Sydney
19 September 2011

PRICEWATERHOUSECOOPERS

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

Report on the financial report

We have audited the accompanying financial report of New Hope Corporation Limited (the company), which comprises the balance sheet as at 31 July 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the New Hope Corporation Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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PRICEWATERHOUSECOOPERS

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

Independence

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

Auditor's opinion

In our opinion,

(a) the financial report of New Hope Corporation Limited is in accordance with the *Corporations Act 2001* , including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2011 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 15 of the directors' report for the year ended 31 July 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001* . Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of New Hope Corporation Limited for the year ended 31 July 2011, complies with section 300A of the *Corporations Act 2001* .

PricewaterhouseCoopers

S. Neill
Partner

Sydney
19 September 2011

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New Hope Corporation Limited

Shareholder Information as at 16 September 2011

As at 16 September 2011 there were 10,060 holders of ordinary shares in the Company.

Voting entitlement is one vote per fully paid ordinary share.

Distribution of equity securities	Number of shareholders	Fully paid ordinary shares	Number of option holders	Ordinary options
1 - 1,000	2,565	1,410,062	-	-
1,001 - 5,000	3,932	11,383,308	-	-
5,001 - 10,000	2,218	15,464,937	-	-
10,001 - 100,000	1,242	32,043,527	-	-
100,001 and over	103	769,928,715	-	-
	10,060	830,230,549	-	-
Holding less than a marketable parcel	286	8,484		

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

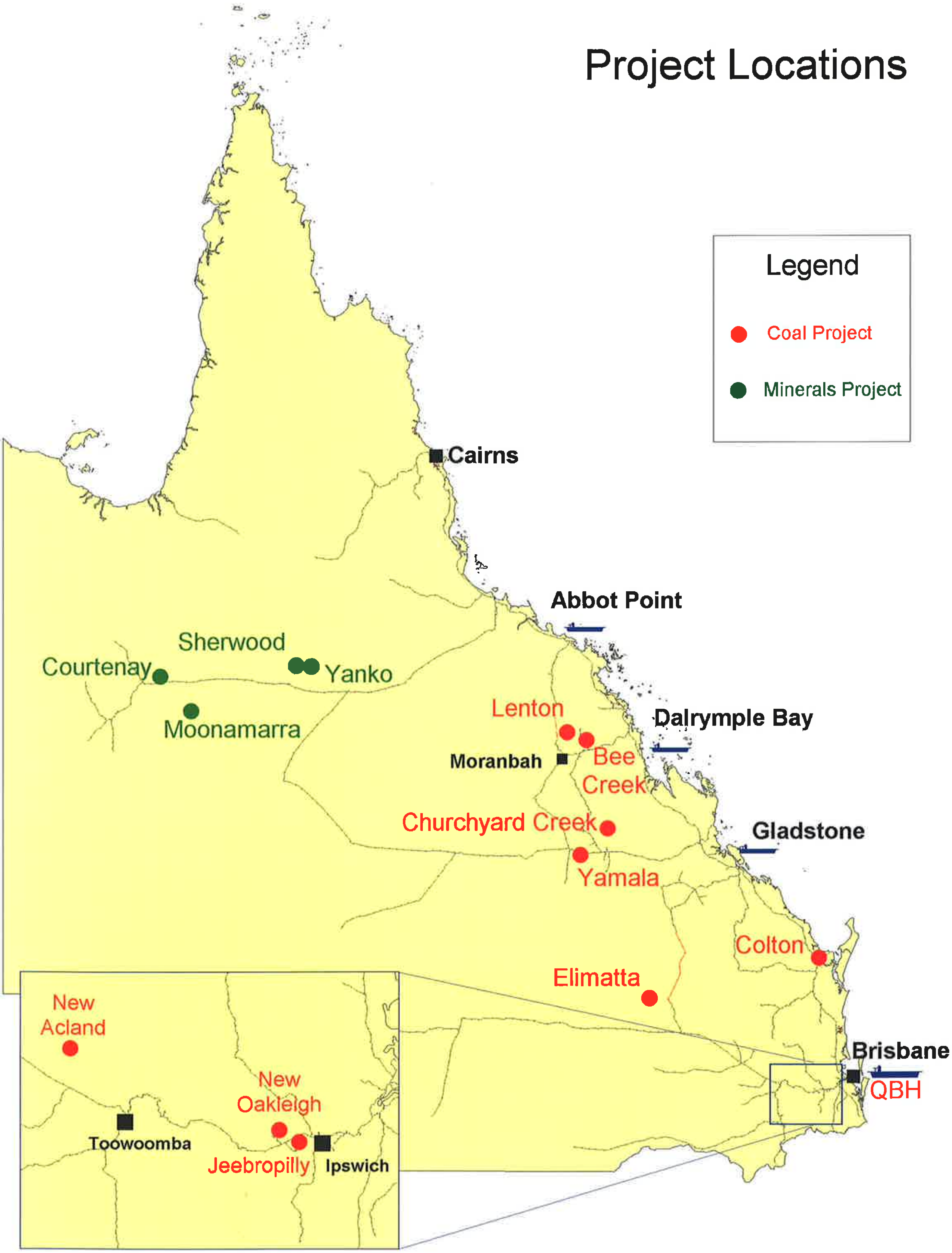
Shareholder	Number of shares	%
Washington H Soul Pattinson And Company Limited	495,696,418	59.71%
Mitsubishi Materials Corporation	91,490,000	11.02%
Perpetual Limited and subsidiaries	49,484,259	5.96%

20 largest shareholders as disclosed on the share register as at 16 September 2011

1	Washington H Soul Pattinson And Company Limited	495,696,418	59.71%
2	Mitsubishi Materials Corporation	93,240,000	11.23%
3	J P Morgan Nominees Australia Limited	29,346,560	3.53%
4	Domer Mining Co Pty Limited	22,000,000	2.65%
5	RBC Dexia Investor Services Australia Nominees Pty Limited (Pipooled A/C)	18,891,358	2.28%
6	National Nominees Limited	17,552,714	2.11%
7	Farjoy Pty Ltd	15,200,000	1.83%
8	BKI Investment Company Limited	14,760,452	1.78%
9	Citicorp Nominees Pty Limited	8,262,423	1.00%
10	HSBC Custody Nominees (Australia) Limited	8,219,371	0.99%
11	Ubs Nominees Pty Ltd	5,070,153	0.61%
12	Taiheiyo Kouhatsu Inc	4,054,000	0.49%
13	Pacific Custodians Pty Limited (New Hope Employee S/P A/C)	3,750,000	0.45%
14	Cogent Nominees Pty Limited	3,505,393	0.42%
15	J S Millner Holdings Pty Limited	2,009,197	0.24%
16	Cogent Nominees Pty Limited (SMP Accounts)	1,681,411	0.20%
17	RBC Dexia Investor Services Australia Nominees Pty Ltd (Piselect A/C)	1,422,509	0.17%
18	Milton Corporation Limited	1,290,107	0.16%
19	Dixson Trust Pty Limited	1,225,596	0.15%
20	RBC Dexia Investor Services Australia Nominees Pty Limited (PIIC A/C)	1,206,791	0.15%
		748,384,453	90.15%

Unquoted equity securities	Number on issue	Number of holders
Options issued under the New Hope Corporation Limited Employee Share Option Plan to take up ordinary shares	-	-

Project Locations



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