



New Hope

Corporation Limited

A.B.N. 38 010 653 844

APPENDIX 4D

&

INTERIM REPORT

31 JANUARY 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Directors' annual report and financial statements for the year ended 31 July 2015 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

New Hope Corporation Limited and Controlled Entities
ABN 38 010 653 844

ASX Appendix 4D
for the half-year ended 31 January 2016

Results for announcement to the market

	31 January 2016 \$000	31 January 2015 \$000	% Change
Revenue from ordinary activities	229,449	269,078	- 14.7%
Operating profit / (loss) before income tax and non regular items	20,214	45,616	- 55.7%
Operating profit / (loss) before income tax	6,749	(26,404)	+ 125.6%
Profit after income tax before non regular items	15,032	34,220	- 56.1%
Profit / (loss) after income tax and non regular items	2,723	(23,139)	+ 111.8%
Profit / (loss) after income tax and non regular items attributable to New Hope shareholders	2,722	(23,138)	+ 111.8%

	31 January 2016 cents per share	31 January 2015 cents per share
Net tangible asset backing per ordinary share	216.0	223.9

	31 January 2016 cents per share
Interim dividend declared - 100% franked (Record date: 19 April 2016)	2.00

Non regular items are not defined by IFRS and are a non-GAAP measure. A reconciliation can be found on page 2 of the Interim Report.

Highlights

- Continued to generate profit and positive cashflows from the operational and investments segments of the business;
- Continued cost reduction and efficiency gains during the period particularly in relation to the mining operations;
- Continued focus on securing approval for the Acland Stage 3 continuation plan with Land Court hearings being held during the second quarter of 2016;
- Significant progress made on the West Pit at Acland with first coal to be extracted during the second half of 2016;
- Subsequent to 31 January 2016 the purchase of a 40% interest in the Bengalla thermal coal mine in the Hunter Valley, New South Wales from a subsidiary of Rio Tinto was completed for \$850.8m (excluding transaction costs).

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

The Directors present their report on the consolidated entity consisting of New Hope Corporation Limited and its controlled entities.

Directors

The following persons were Directors of New Hope Corporation Limited during the whole of the half-year and up to the date of this report, unless otherwise noted.

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

	Note	Jan 2016 \$000	Jan 2015 \$000	% Change
Consolidated results				
Revenue from operations		229,449	269,078	- 14.7%
Profit before income tax (before non regular items) *		20,214	45,616	- 55.7%
Land access compensation	4	5,000	-	
Gain on disposal of Dart Energy Limited shares	4	-	1,151	
Impairment of oil producing and exploration assets	5	(15,029)	(51,456)	
Impairment of goodwill	5	-	(4,157)	
Impairment of available for sale investments	5	(3,436)	(17,558)	
Profit / (loss) before income tax (after non regular items)		6,749	(26,404)	+ 125.6%
Profit from ordinary activities after income tax (before non regular items) *		15,032	34,220	- 56.1%
Land access compensation	4	5,000	-	
Gain on disposal of Dart Energy Limited shares	4	-	1,151	
Petroleum resource rent tax (de-recognition due to recoverability)		(3,353)	-	
Impairment of oil producing and exploration assets	5	(10,520)	(36,795)	
Impairment of goodwill	5	-	(4,157)	
Impairment of available for sale investments	5	(3,436)	(17,558)	
Profit / (loss) from ordinary activities after income tax (after non regular items)		2,723	(23,139)	+ 111.8%
Non-controlling interests		(1)	1	
Profit / (loss) attributable to New Hope Shareholders		2,722	(23,138)	
		Jan 2016	Jan 2015	%
Basic earnings per share (cents) (before non regular items) *		1.8	4.1	- 56.1%
Land access compensation	4	0.6	-	
Gain on disposal of Dart Energy Limited shares	4	-	0.1	
Petroleum resource rent tax (de-recognition due to recoverability)		(0.4)	-	
Impairment of oil producing and exploration assets	5	(1.3)	(4.4)	
Impairment of goodwill	5	-	(0.5)	
Impairment of available for sale investments	5	(0.4)	(2.1)	
Basic earnings per share (cents) (after non regular items)		0.3	(2.8)	+ 110.7%

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

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

Review of Operations

New Hope Corporation Limited (New Hope) recorded a net profit after tax and before non-regular items of \$15.0 million (comprising \$11.1 million from marketing and logistics operations, \$11.0 million from treasury and investments, and a net loss of \$5.0 million from coal mining operations and \$2.1 million from oil and gas operations). This represents a decrease of 56% from the \$34.2 million recorded in the six months to January 2015 and is primarily attributable to softer commodity prices.

The result for the period included non-regular impairments and de-recognition of Petroleum Resource Rent Tax totalling \$17.3 million (after tax). The impairments relate to the carrying value of certain assets in New Hope's oil and gas and investment portfolio. The result also includes a non-regular income of \$5 million regarding land access compensation.

After the non-regular items noted above, New Hope recorded a net profit after tax and non-regular items for the six months ended 31 January 2016 of \$2.7 million compared with the net loss after tax of \$23.1 million in the prior corresponding period.

After non-regular items basic earnings per share for the six months ended 31 January 2016 was 0.3 cents compared to a loss of 2.8 cents in the previous corresponding period.

Directors have declared a fully franked interim dividend of 2.0 cents per share (2015 : 4.0 cents per share) to be paid on 3 May 2016 to shareholders registered as at 19 April 2016.

The operating result before non-regular items for the first six months of the 2016 financial year was positively impacted by:

- continued cost management initiatives
- an easing in AUD exchange rates;
- increased oil production;

offset by:

- continuing weakness in export coal prices; and
- significant adverse movements in the oil price.

MINING OPERATIONS

The two mines (Jeebropilly and Acland) combined to produce 2.53 million tonnes of clean coal during the six months ended 31 January 2016. This was 11.9% lower than the previous corresponding period.

Total sales for the six months to 31 January 2016 were 2.69 million tonnes, a 12.3% decrease on the prior corresponding period with a number of vessels delayed due to typhoons in South East Asia.

New Acland Coal Mine

The Acland operation produced 2.21 million tonnes of product coal during the first six months, a decrease of 13.3% from the previous reporting period. Production was impacted by wet weather, delays in the acquisition of new mining fleet, recruitment of associated operators and changes in geological conditions.

Key activities for the period included:

- continued cost and productivity improvement with \$5.6 million (\$2.55/tonne) in realised savings in comparison with the corresponding prior period;
- ongoing community engagement in respect of both current operations and Stage 3 Continuation Plan;
- continued support to Stage 3 approval process and Project Development;
- continuing to standardise and improve Acland and West Moreton Safety and Health Management Systems;
- reinforcing iSafe/WeSafe throughout the business.

West Moreton Operations

Jeebropilly produced 0.32 million tonnes of coal during the period. This is a 1% reduction in comparison to the prior corresponding period, mainly due to weather.

Rehabilitation work continued at both the Oakleigh and Chuwar sites. At Oakleigh work focussed on the topsoiling and seeding of all remaining surfaces following the completion of the backfilling and profiling of the old mining void in mid-2015. At Chuwar the backfilling of the Western pit is almost complete with sediment basin construction, topsoiling and seeding to follow. Backfilling the Eastern pit will commence once water levels allow access to the pit.

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

West Moreton Operations (continued)

Key activities at the West Moreton operations over the last six months include:

- commenced operations in the final strip of washplant pit;
- completed broad brush risk assessments and audits on Safety and Health Management System;
- initiated Health and Wellness Program and next stage of iSafe/WeSafe Program for all employees.

QUEENSLAND BULK HANDLING (QBH)

During the first six months of the financial year, 3.5 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2015: 3.6 million tonnes).

Key activities included:

- continued focus on safety and attainment of 42 months LTI free;
- ongoing programs to reduce costs with \$0.9m in realised cost savings through first six months of FY16;
- completion of engineering studies and ongoing engineering studies with regards to upgrades to the shiploader to deliver lower operating risks

NEW HOPE EXPLORATION AND DEVELOPMENT PROJECTS

A review of all coal and mineral tenures was undertaken to align with the corporate strategy. This resulted in some relinquishments of tenure where there was no indication of economically viable resources or there were no foreseeable opportunities to develop the projects. All of the relinquished tenements were carried at nil value in the group accounts.

10,153 meters were drilled during the six months to January 2016, compared to 10,724 meters in the previous corresponding period.

Details of the FY16 exploration program and development projects including approvals (mining and environmental) are as follows:

New Acland (MDL 244, ML 50216)

Drilling activity focussed on basalt delineation, ground water monitoring bore holes and confirming the geology of future mining areas. 9,647 meters was drilled during this period.

The project progressed further in the approvals process with objections to the Mining Lease and Environmental Authority referred to the Land Court in October 2015. The directions hearing set a timetable for the Land Court process which commenced on 7 March 2016. The Land Court is expected to provide a recommendation to the Minister during May 2016 and a Ministerial decision on the Mining Lease grant is anticipated to be received in mid-2016.

Lenton (EPC 766, EPC 865, EPC 1675 and ML 70337)

The structural geological model has been updated to incorporate the 3D seismic survey and additional structural data. The quality model is currently being reviewed and updated, upon completion; this project will be reported in line with the 2012 JORC guidelines.

With the Terms of Reference being approved in June 2014, the final set of baseline studies associated with groundwater has now been completed. The Environmental Impact Statement was due to be completed by June 2016; however work on the EIS has been postponed due to a revision of the project development timeline. Therefore an extension for the submission of the EIS is currently being sought to June 2018. No on-ground exploration work has been conducted over the previous year, although a significant amount of geological modelling has been conducted to update the model with all the latest information.

Colton (EPC 923 and EPC 1082)

The geological database is under review including seam correlation with a view to re-run the model incorporating all the new geological information available.

The Mining Lease Application process continued with objections being considered by the Land Court. Experts for Colton Coal and the objectors submitted their joint reports, detailing objection matters that would require the consideration by the Land Court. Further Land Court hearings are scheduled to commence in August 2016.

Yamala (EPC 927 and EPC 1169)

An Application for a Mineral Development Licence covering the eastern half of the tenements was lodged.

Work during the period focused on updating the geological model to support the Mineral Development Licence Application. No drilling was performed in the six months to January.

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

NEW HOPE EXPLORATION AND DEVELOPMENT PROJECTS (continued)

Churchyard Creek (EPC 1876)

Work during the period focused on geological interpretation utilising the results from previous drill programs. No drilling was performed in the six months to January.

Bee Creek (EPC 777)

A 2D seismic program is planned, in the northern part of the tenement, to complement the 2014 drilling campaign that determined the extent of coal measures in south of the tenement. This 2D seismic program is designed to target the seams sub-cropping on the western edge of the Hail Creek syncline.

Preliminary interpretation suggests the regional geology is generally accurate except on the eastern edge of the tenure where further exploration

Elimatta

Work during the period focused on reviewing the geological model. No drilling was performed in the six months to January.

Ashford (EL 6234)

Work for the period focused on geological interpretation of the results from previous drill programs. No drilling was performed in the six months to

Courtenay (EPM 18581)

An Induced Polarisation (IP) Survey was undertaken across several target areas. The preliminary interpretation suggested that the central and eastern survey areas were extremely conductive. Rock samples have been taken and field observations will be fed into the current project assessment. Upon review of the results further exploration will test the conductive targets. No drilling was performed in the six months to January.

Moonamarra (EPM 18589)

Work for the period focused on geological interpretation of the results from previous drill programs. No drilling was performed in the six months to

Dobi (EPM 19863)

Work for the period focused on geological interpretation of the results from previous open file drill programs (by others). No drilling was performed in the six months to January.

Laura (EPM 19342)

A review of the recent MMI survey (Mobile Metals Irons) was carried out to refine the drill targets for future exploration programs. No drilling was performed in the six months to January.

North Surat Projects

A geological database for the acquired tenures has been built; this database includes additional quality data not previously included in the original database. The geological model for the three new North Surat projects; Collingwood, Taroom and Woori, was reviewed. This work will feed directly into the Concept Study investigations and future exploration programs.

Concept Study investigations have commenced to identify infrastructure synergies and opportunities, while Elimatta progressed through the Mining Lease application process.

The draft Environmental Authority for Elimatta was issued in August 2015, followed by public notification from September to November 2015. A number of objections were received that have been referred to the Land Court in December 2015. Mediation with objectors is in progress and further directions by the Land Court were heard in February.

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

PASTORAL OPERATIONS

The five year development plan for Acland Pastoral continues with the change from a trading operation to a breeding enterprise significantly completed. Capital will be invested in additional fencing, yards and water points over the next three months which will reduce overheads and optimise the breeding operations.

Recent rains have improved the feed situation at Acland. The herd size is currently 2103 head, including 418 weaners from the initial breeding program.

The rainfall also assisted with crop production, with a total grain harvest of 1182 tonnes for the period.

Acland Pastoral staff continue to assist the Acland mine with grazing trials on rehabilitated mining land.

OIL AND GAS OPERATIONS

Oil production totalled 91,150 barrels for the period, a 17% increase on the corresponding prior half year of 77,450 barrels.

This increase in production was more than offset by further declines in world oil prices with realised oil cargo prices declining from A\$67/bbl in August 2015 to A\$51/bbl in January 2016, representing a fall of 25% during the period. Since the oil price decline began in Sep/Oct 2014 the oil price has dropped from circa A\$110/bbl to A\$51/bbl in January 2016, an overall drop of 54% in Australian dollar terms. As a consequence, revenue for the half year was \$4.7 million as against \$6.9 million for the corresponding prior half year, a decrease of 32%. Bridgeport has responded to the lower oil prices with material reductions in operating expenditures and cost control achieved across its assets. This has been achieved through the deferral of:

- all development drilling in the Inland, Utopia and Moonie fields, and
- discretionary expenditure within its exploration portfolio.

During the period the following key activities were undertaken:

- At the Inland field a number of production enhancement projects comprising acid stimulation of three wells, reperforation of two wells and hydraulic fracture stimulation of I-13 resulted in an increase in production of circa 60 bopd at the end of the period. At the Cuisinier field hydraulic fracture stimulation of five wells was completed and resulted in a net improvement in production of approximately 60 bopd net to Bridgeport. At the end of the reporting period wells I-13 and Cu-14 were being brought on line and cleaning up post fracture stimulation.
- 3D seismic data acquisition was carried out over three of the company's key permits at PEL 630, ATP 794BJ and ATP 805. Analysis of this work is expected to lead to drilling recommendations to test exploration targets in early 2017. BEL is also pursuing an application for a petroleum lease of the Donga oil field in ATP 805. In total, 530 km² of 3D seismic was acquired on schedule and under budget.
- Bridgeport has concluded the acquisition of the Moonie area permits and related assets in the Cooper Basin from Santos for a total purchase price of \$3.5 million in December 2015.

New Hope Corporation Limited and Controlled Entities

Directors' Report - 31 January 2016

OUTLOOK

The outlook for Asian seaborne thermal coal markets are starting to show signs of stabilizing after a period of weakness driven by Chinese import contraction. Thermal coal spot indices have been relatively stable in Australian dollar terms over the past quarter and vessel queues at the port of Newcastle have increased from below 10 at the end of 2015 to approach 20 vessels. Supply is reacting to the current historically low prices with export growth from Australia moderating whilst exports from Indonesia appear to have peaked. Export volumes from the USA have collapsed. Demand for high quality Australian thermal coal from traditional importers such as Japan, Korea and Taiwan remains firm. There remains no consensus regarding the future direction of thermal coal prices with a great divergence of views.

In such an uncertain pricing environment it is critical to maintain a competitive cost structure. New Hope management remains focused on managing our costs on a sustainable basis. We will not compromise our commitment to the principle of Safe Production.

The second half of this 2016 financial year will be one of significant growth in attributable tonnes sold and sales revenue due to the acquisition of a 40% interest in the Bengalla Joint Venture. New Hope management is committed to working cooperatively with the other members of the Bengalla Joint Venture and the site Bengalla mine management team to ensure a smooth transition in management from the previous operators. The Bengalla Mine is one of the lowest cost export thermal coal mines supplying the Asian seaborne thermal coal market.

Management remains focussed on securing approval for the Acland Stage 3 continuation plan with Land Court hearings being held during the second half of 2016. A positive outcome to the Acland Stage 3 mining lease process will be pivotal to security of employment for many hundreds of families throughout the entire coal chain in south east Queensland, not just those directly employed at the mine site.

Through patient conservative management of the balance sheet New Hope has had the financial strength to acquire a premium long life thermal coal asset at a point in time when competition for such assets is comparatively low. The board and management will maintain a conservative approach to financial management of the company's balance sheet thus ensuring the company's ability to take advantage of the cyclical nature of the coal market.

Signed in Sydney this 21st day of March 2016 in accordance with a resolution of directors.

R.D. Millner
Director

S.J. Palmer
Director



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

Monday, 21 March 2016

Dear Board Members

Independence Declaration

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

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

R D Wanstall
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

New Hope Corporation Limited and Controlled Entities

**Consolidated Statement of Comprehensive Income
for the half-year ended 31 January 2016**

	Note	31 January 2016 \$000	31 January 2015 \$000
Revenue from continuing operations		229,449	269,078
Other income	4	<u>5,000</u>	<u>1,151</u>
		234,449	270,229
Expenses			
Cost of sales		(135,440)	(142,890)
Marketing and transportation		(65,672)	(73,615)
Administration		(4,543)	(4,339)
Other expenses		(3,580)	(2,618)
Impairment expenses	5	<u>(18,465)</u>	<u>(73,171)</u>
Profit / (Loss) before income tax		6,749	(26,404)
Petroleum resource rent tax (expense) / benefit	6	(4,786)	816
Income tax benefit	6	<u>760</u>	<u>2,449</u>
Profit / (Loss) after income tax		2,723	(23,139)
Profit / (Loss) attributable to:			
New Hope Shareholders		2,722	(23,138)
Non-controlling interests		<u>1</u>	<u>(1)</u>
		2,723	(23,139)
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax		(895)	(27,254)
Transfer to profit and loss - cash flow hedges, net of tax		9,148	7,832
Changes to the fair value of available for sale financial assets, net of tax		-	(3,539)
Transfer to profit and loss - available for sale financial assets, net of tax		<u>355</u>	<u>(1,151)</u>
Other comprehensive income for the half-year, net of tax		<u>8,608</u>	<u>(24,112)</u>
Total comprehensive income		11,331	(47,251)
Total comprehensive income attributable to:			
New Hope Shareholders		11,330	(47,250)
Non-controlling interests		<u>1</u>	<u>(1)</u>
		11,331	(47,251)
Earnings per share for profit attributable to the ordinary equity holders of the Company		cents per share	cents per share
Basic earnings per share		0.3	(2.8)
Diluted earnings per share		0.3	(2.8)

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

New Hope Corporation Limited and Controlled Entities

**Consolidated Balance Sheet
as at 31 January 2016**

	Note	31 January 2016 \$000	31 July 2015 \$000
Current assets			
Cash and cash equivalents		36,586	24,789
Trade and other receivables		58,127	42,927
Inventories		48,787	57,613
Held to maturity investments		981,611	1,040,480
Current tax assets		3,436	
Other		162	369
Total current assets		1,128,709	1,166,178
Non current assets			
Trade and other receivables		1,202	2,029
Available for sale financial assets		4,905	7,986
Derivative financial instruments		255	-
Property, plant and equipment		499,986	502,113
Exploration and evaluation assets		387,927	377,120
Intangible assets		19,145	19,732
Total non current assets		913,420	908,980
Total assets		2,042,129	2,075,158
Current liabilities			
Trade and other payables		45,112	42,512
Derivative financial instruments		11,148	23,144
Current tax liabilities		-	4,732
Provisions		34,200	32,262
Total current liabilities		90,460	102,650
Non current liabilities			
Deferred tax liabilities		70,766	60,186
Provisions		66,761	59,697
Total non current liabilities		137,527	119,883
Total liabilities		227,987	222,533
Net assets		1,814,142	1,852,625
Equity			
Contributed equity	7	95,692	95,444
Reserves		15,050	6,632
Retained profits		1,703,384	1,750,525
Capital and reserves attributable to New Hope Shareholders		1,814,126	1,852,601
Non-controlling Interests		16	24
Total equity		1,814,142	1,852,625

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

New Hope Corporation Limited and Controlled Entities

**Consolidated Statement of Changes in Equity
for the half-year ended 31 January 2016**

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
Balance as at 1 August 2014	95,119	27,400	1,851,289	51	1,973,859
Profit for the half-year	-	-	(23,138)	(1)	(23,139)
Other comprehensive income	-	(24,112)	-	-	(24,112)
Total comprehensive income for the half-year	-	(24,112)	(23,138)	(1)	(47,251)
Transactions with owners in their capacity as owners					
Transfer from share based payment reserve to equity	325	(325)	-	-	-
Dividends provided for or paid	-	-	(16,620)	-	(16,620)
Special dividend provided for or paid	-	-	(29,085)	-	(29,085)
Net movement in share based payments reserve	-	57	-	-	57
Share of non-controlling interests	-	-	-	(7)	(7)
Balance as at 31 January 2015	95,444	3,020	1,782,446	43	1,880,953
Balance as at 1 August 2015	95,444	6,632	1,750,525	24	1,852,625
Profit for the half-year	-	-	2,722	1	2,723
Other comprehensive income	-	8,608	-	-	8,608
Total comprehensive income for the half-year	-	8,608	2,722	1	11,331
Transactions with owners in their capacity as owners					
Dividends provided for or paid	-	-	(20,776)	-	(20,776)
Special dividend provided for or paid	-	-	(29,087)	-	(29,087)
Net movement in share based payments reserve	248	(190)	-	-	58
Share of non-controlling interests	-	-	-	(9)	(9)
Balance as at 31 January 2016	95,692	15,050	1,703,384	16	1,814,142

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

New Hope Corporation Limited and Controlled Entities

**Consolidated Cash Flow Statement
for the half-year ended 31 January 2016**

	31 January 2016 \$000	31 January 2015 \$000
Cash flows from operating activities		
Receipts from customers	205,611	253,461
Payments to suppliers and employees	<u>(166,703)</u>	<u>(178,326)</u>
	38,908	75,135
Income taxes paid	<u>(5,335)</u>	<u>(10,370)</u>
Net cash inflow / (outflow) from operating activities	<u><u>33,573</u></u>	<u><u>64,765</u></u>
 Cash flows from investing activities		
Payments for property, plant and equipment	(40,422)	(53,802)
Payment for exploration and evaluation activities	(10,807)	(12,009)
Proceeds from / (payments for) other assets	-	(165)
Proceeds from / (payments for) held to maturity investments	58,869	(11,034)
Proceeds from investments in held for sale financial assets	-	8,623
Proceeds from sale of property, plant and equipment	358	122
Interest received on held to maturity investments	17,004	20,458
Net cash inflow / (outflow) from investing activities	<u><u>25,002</u></u>	<u><u>(47,807)</u></u>
 Cash flows from financing activities		
Dividends paid	<u>(49,863)</u>	<u>(45,705)</u>
Net cash inflow / (outflow) from financing activities	<u><u>(49,863)</u></u>	<u><u>(45,705)</u></u>
 Net increase / (decrease) in cash and cash equivalents	8,712	(28,747)
Cash and cash equivalents at the beginning of the half-year	24,789	36,586
Effects of exchange rate changes on cash and cash equivalents	<u>3,085</u>	<u>3,546</u>
Cash and cash equivalents at the end of the half-year	<u><u>36,586</u></u>	<u><u>11,385</u></u>

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

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose interim financial report for the half-year reporting period ended 31 January 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2015 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below. Comparative information has been reclassified where appropriate to enhance comparability.

Changes in Accounting Policy

The Group has not changed its accounting policies since the end of the previous financial year.

2. FINANCIAL RISK MANAGEMENT

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).

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

2. FINANCIAL RISK MANAGEMENT (continued)

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

2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	255	-	255
Available for sale financial assets				
Equity securities	4,905	-	-	4,905
Total assets	<u>4,905</u>	<u>255</u>	<u>-</u>	<u>5,160</u>
Liabilities				
Derivatives used for hedging	-	11,148	-	11,148
Total liabilities	<u>-</u>	<u>11,148</u>	<u>-</u>	<u>11,148</u>
2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Available for sale financial assets				
Equity securities	7,986	-	-	7,986
Total assets	<u>7,986</u>	<u>-</u>	<u>-</u>	<u>7,986</u>
Liabilities				
Derivatives used for hedging	-	23,144	-	23,144
Total liabilities	<u>-</u>	<u>23,144</u>	<u>-</u>	<u>23,144</u>

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 New Hope Corporation Limited is the last sale price.

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

The carrying value of trade receivables less impairment provisions, trade and other payables and held to maturity investments 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 New Hope Corporation Limited for similar financial instruments.

3. DIVIDENDS

Dividends provided for or paid during the half-year:

	31 January 2016 \$000	31 January 2015 \$000
Ordinary dividend paid		
100% franked at a tax rate of 30% (2015: 100% franked)	20,776	16,620
Special dividend paid		
100% franked at a tax rate of 30% (2015: 100% franked)	29,087	29,085
	<u>49,863</u>	<u>45,705</u>

Dividends listed above were actually paid to shareholders during the reporting period.

Dividends not recognised at the end of the half-year

Since the end of the half-year the Directors have declared an interim dividend of 2.0 cents per fully paid ordinary share (2015: 4.00 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 3 May 2016 out of retained profits at 31 January 2016, but not recognised as a liability at the end of the half-year, is \$16,621,015.

16,621	33,240
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New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

	31 January 2016 \$000	31 January 2015 \$000
4. OTHER INCOME		
Profit from the half-year includes the following items that are unusual because of their nature, size and incidence:		
Gain on disposal of Dart Energy Limited shares	-	1,191
Land Access Compensation	5,000	-
	5,000	1,191
5. OTHER EXPENSES		
Profit from the half-year includes the following items that are unusual because of their nature, size and incidence:		
Other expenses include the following items:		
Impairment of available for sale financial assets	3,436	17,558
Impairment of goodwill	-	4,157
Impairment of oil producing and exploration assets	(a) 15,029	51,456
	18,465	73,171
(a) Impairment of oil producing assets		
The Group has determined that the continued decline in global oil prices indicates the carrying value of certain oil producing assets may be impaired.		
The Group has classified its Cooper Basin assets as separate Cash Generating Units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal (FVLCD) method with all fair value measurements categorised as Level 3 in the fair value hierarchy. All CGU are included in the Oil and gas segment.		
The Group has estimated the future cash flows of each CGU making assumptions in respect of key variables including: economically recoverable reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and future development costs necessary to produce the reserves. The commodity price and foreign exchange assumptions have been based on consensus market data in the range of oil prices of USD41-USD85 (before escalation) and AUD/USD exchange rates of 0.72-0.75. The future cashflows have been discounted using an after tax discount rate of 10% (31 July 2015: 10%). The recoverable amount and impairment loss calculated under the FVLCD method of the CGUs determined to be impaired are:		
	Recoverable amount	Impairment loss
Cooper Basin PL98	6,901	8,342
Cooper Basin PL214	1,383	5,673
Cooper Basin ATP1189	-	1,014
6. INCOME TAX EXPENSE	2016	2015
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax	6,749	(26,404)
Income tax calculated at 30% (2015: 30%)	2,025	(7,921)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign tax (gain) / loss not recognised	-	307
Gain on sale of investment	-	(345)
Income tax on Petroleum resource rent tax	(1,436)	245
Impairment of available for sale financial assets	1,031	5,267
Impairment of goodwill	-	1,247
	(1,500)	-
Non-deductible expenses	59	38
Sundry items	(123)	7
	56	(1,155)
Under / (over) provided prior year	(816)	(1,294)
Petroleum resource rent tax (benefit) / expense	4,786	(816)
Income tax (benefit) / expense	4,026	(3,265)

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

	31 January 2016 No. of shares	31 January 2016 \$000	31 July 2015 No. of shares	31 July 2015 \$000
7. CONTRIBUTED EQUITY				
(a) Share Capital				
Issued and paid up capital	831,050,726	95,692	830,999,449	95,444
(b) Movements in share capital				
Vesting of performance rights	51,277	248	66,337	573

	31 January 2016 \$000	31 July 2015 \$000
8. CONTINGENT LIABILITIES		
Details and estimates of maximum amounts of contingent liabilities for which no provisions		
The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	14,055	14,770
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.	9,094	10,049

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

9. FINANCIAL REPORTING SEGMENTS

(a) Description of segments

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

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

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

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

The segment note discloses non regular items which are non-statutory profit measures and therefore presents profit from continuing operations before non regular items. This measurement basis in general, excludes the effects of non regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due their size or nature. The Directors have presented this information as they consider the disclosure enhances the understanding of the results to members and users of the financial statements. Non regular items before tax are disclosed in note 9b.

New Hope Corporation Limited and Controlled Entities

**Notes to the Financial Statements
for the half-year ended 31 January 2016**

9. FINANCIAL REPORTING SEGMENTS (continued)

(b) Segment information

	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
Half-year ended 31 January 2016					
Revenue from external customers	3,324	4,700	207,240	14,184	229,449
Intersegment revenue	92,410	-	-	-	92,410
Total revenue	95,734	4,700	207,240	14,184	321,859
EBITDA	14,289	(1,198)	20,462	15,684	49,237
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,421)	(2,039)	(4,563)	-	(29,022)
Profit / (loss) before tax (before non regular items)	(8,132)	(3,237)	15,899	15,684	20,214
Non regular items before tax	5,000	(15,029)	-	(3,436)	(13,465)
Profit / (loss) before tax (after non regular items)	(3,132)	(18,266)	15,899	12,248	6,749
Less Income tax benefit / (expense)	3,171	7,064	(4,770)	(4,705)	760
Less Petroleum resource rent tax benefit / (expense)	-	(4,786)	-	-	(4,786)
Profit / (loss) after tax (after non regular items)	39	(15,988)	11,129	7,543	2,723
Total segment profit / (loss) before tax includes:					
Interest revenue	267	-	-	14,184	14,452
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,421)	(2,039)	(4,563)	-	(29,022)
Reportable segment assets	729,658	106,855	182,258	1,023,357	2,042,129
Total segment assets includes:					
Additions to non-current assets	22,326	24,306	4,597	-	51,229
Half-year ended 31 January 2015					
Revenue from external customers	2,075	6,867	241,699	18,437	269,078
Intersegment revenue	104,736	-	-	-	104,736
Total revenue	106,811	6,867	241,699	18,437	373,814
EBITDA	26,370	(561)	28,062	21,791	75,662
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,659)	(1,567)	(5,820)	-	(30,046)
Profit / (loss) before tax (before non regular items)	3,711	(2,128)	22,242	21,791	45,616
Non regular items before tax	-	(55,613)	-	(16,407)	(72,020)
Profit / (loss) before tax (after non regular items)	3,711	(57,741)	22,242	5,384	(26,404)
Less Income tax benefit / (expense)	(187)	15,846	(6,673)	(6,537)	2,449
Less Petroleum resource rent tax benefit / (expense)	-	816	-	-	816
Profit / (loss) after tax (after non regular items)	3,524	(41,079)	15,569	(1,153)	(23,139)
Total segment profit / (loss) before tax includes:					
Interest revenue	-	109	-	18,437	18,546
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,659)	(1,567)	(5,820)	-	(30,046)
Reportable segment assets	700,786	122,502	167,035	1,116,517	2,106,840
Total segment assets includes:					
Additions to non-current assets	47,477	10,287	5,002	-	62,766

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

10. COMMITMENTS

	31 January 2016 \$000	31 January 2015 \$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	10,391	6,052
Later than one year but not later than five years	-	-
Later than five years	-	-
	10,391	6,052
 b. Lease commitments: Group as lessee		
(i) Non-cancellable operating leases		
The Group leases port facilities under non-cancellable operating leases expiring within five to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	4,143	4,283
Later than one year but not later than five years	18,504	18,964
Later than five years	38,820	46,279
	61,467	69,526

c. Take or Pay commitments

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

11. CURRENT ASSETS - Receivables

Past due but not impaired

As of 31 January 2016, trade receivables past due but not impaired were \$14.4m. This receivable relates solely to invoices issued by Queensland Bulk Handling Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) to Peabody (Willkie Creek) Pty Limited for coal port services. The amounts invoiced to Peabody are the subject of an action in the Supreme Court of Queensland brought by QBH. An initial decision in favour of QBH was handed down on 27 February 2015. A subsequent appeal by Peabody was heard on 30 July 2015 and on 23 October 2015 the Queensland Court of Appeal dismissed the Peabody appeal. On 8 December 2015 QBH issued proceedings seeking specific performance by Peabody to enter into a new CPSA in accordance with the previous Court rulings and for payment of outstanding monies, interest and costs. At the date of this report, all amounts invoiced are considered to be recoverable.

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2016

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 March 2016, a wholly owned subsidiary of New Hope Corporation Limited purchased a 40% interest in the Bengalla thermal coal mine in the Hunter Valley, New South Wales from a subsidiary of Rio Tinto for \$850.8 million.

The Bengalla mine is a large-scale open cut mine near Muswellbrook producing about 8.6 million tonnes per annum of high quality thermal coal.

The acquisition was funded entirely from the existing cash reserves.

The impact of the acquisition on the financial statements cannot be estimated at the date these financial statements were authorised for issue as the transaction completed on 1 March 2016.

New Hope Corporation Limited and Controlled Entities

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and of its performance for the half-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.

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

R.D. Millner
Director

S.J. Palmer
Director

Sydney
21 March 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New Hope Corporation Limited, which comprises the consolidated balance sheet as at 31 January 2016, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of New Hope Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Hope Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Hope Corporation Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

DELOITTE TOUCHE TOHMATSU

R D Wanstall
Partner
Chartered Accountants
Brisbane
21 March 2016