



New Hope
Corporation Limited

A.B.N. 38 010 653 844

Directors' Annual Report
and
Financial Statements

2009

New Hope Corporation Limited and Controlled Entities

Financial Summary

	2009 \$000	2008 \$000	2007 \$000	2006 \$000
Total revenue	700,785	329,787	248,754	251,317
Profit before tax	2,772,114	128,729	92,579	94,688
Income tax expense	(821,722)	(38,045)	(23,270)	(25,993)
Profit after tax	1,950,392	90,684	69,309	68,695
Net profit attributable to NHCL members	1,950,392	90,684	69,309	68,695
Profit after tax from continuing operations	1,950,392	90,684	69,309	68,695
Total assets employed	3,743,342	990,561	849,329	627,800
Shareholders' funds	2,748,498	827,607	731,198	568,290
Dividends paid during the financial year	131,809	62,661	73,549	144,003

	2009	2008	2007	2006
Weighted average shares on issue	811,614,188	808,539,516	806,975,625	798,043,955
Net profit attributable to NHCL members as a % of shareholders' funds	70.96%	10.96%	9.48%	12.09%
Earnings per share (cents)	240.3	11.2	8.6	8.6
Earnings per share (cents) from continuing operations	240.3	11.2	8.6	8.6
Normal dividends per share (cents)	9.25	5.75	4.60	4.50
Special dividends per share (cents)	72.75	8.00	3.00	4.50
Net tangible asset backing per share (cents)	335.58	101.11	90.07	70.57

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

PRINCIPAL ADMINISTRATION & REGISTERED OFFICE

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BROOKWATER QLD 4300
Telephone : (07) 3418 0500
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WEBSITE ADDRESS

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SHARE REGISTER

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Website : www.computershare.com

ASX Code: NHC

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st July 2009

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 2009.

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 was appointed Managing Director on 14 November 2008

Consolidated results	2009 \$000	2008 \$000	% Change
Total continuing revenue	700,785	329,787	+ 112.5%
Profit from continuing operations before income tax	2,772,114	128,729	+ 2053.4%
Profit from continuing operations after income tax	1,950,392	90,684	+ 2050.8%
Profit attributed to the members of New Hope Corporation Limited	1,950,392	90,684	+ 2050.8%
Earnings per share (cents)	240.3	11.2	+ 2045.5%
Final dividend (cents)	4.50	3.50	+ 28.6%
Interim dividend (cents)	4.75	2.25	+ 111.1%
Special dividend (cents)	72.75	8.00	+ 809.4%
Total dividends (cents)	82.00	13.75	+ 496.4%

Principal activities

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

- Mining and sale of coal
- Operation of an export coal handling port facility
- Exploration and land management activities
- Investment in coal seam gas operations

Dividends

Dividends paid to members during the financial year were:

	\$000
• A final ordinary dividend for the year ended 31 July 2008 of 3.5 cents per share paid on 11 November 2008	28,345
• A special dividend for the year ended 31 July 2008 of 8.0 cents per share paid on 11 November 2008	6,790
• An interim ordinary dividend for the year ended 31 July 2009 of 4.75 cents per share paid on 6 May 2009	38,671

In addition to the above dividends, since the end of the financial year, the Directors have declared a final ordinary dividend of 4.5 cents per share, and a special dividend of 72.75 cents per share. Both of these dividends are fully franked, to be paid on 10 November 2009 out of retained profits at 31 July 2009, the record date for such dividend to be 26 October 2009. This will provide shareholders of New Hope with total dividends for the year of 82 cents per share (4.75 cents interim) compared with total dividends for the 2008 year of 13.75 cents per share, including a special dividend of 8.0 cents per share.

Review of operations

New Hope Corporation Limited (New Hope) has reported a net profit after tax of \$150.5 million from its coal mining, port, and other operations (excluding interest income), an 82% increase over last year's result of \$82.5 million. Net profit after tax before non regular items was \$262.3 million which is an increase of 189% above the previous year's result of \$90.7 million. In addition, New Hope has reported a non regular net profit after tax of \$1,688.1 million as a result of the sale of its New Saraji Project to BHP Billiton Mitsubishi Alliance (BMA), which was completed on 10th September 2008. Total net profit after tax for the fiscal year is \$1,950.4 million.

Earnings per share for the year ended 31 July 2009 from operations and interest were 32.3 cents, which is an increase of 188% on the 11.2 cents per share earned in 2008. In addition, earnings per share as a result of the sale of the New Saraji Project were 208.0 cents. Total earnings per share were 240.3 cents.

New Hope Corporation Limited and Controlled Entities

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Directors have declared a final ordinary dividend of 4.5 cents per share and a special dividend of 72.75 cents per share. Both of these dividends are fully franked, to be paid on 10 November 2009. The record date for such dividends will be 26 October 2009.

The 2009 result benefitted from:

- Higher coal sales prices for both export and domestic coal;
- Continued coal sales growth, which was up 11.7% to 4.972 million tonnes for the year;
- Higher export coal sales tonnages, which were up 19.9% to 3.868 million tonnes for the year;
- Higher revenue from interest earned on the sale proceeds of the New Saraji Project;
- Higher contribution from the Queensland Bulk Handling (QBH) operations at the Port of Brisbane, due to higher throughput of 6.118 million tonnes (up 11.8%).

offset by:

- A volatile Australian dollar to US dollar exchange rate during the year resulting in modest hedging losses;
- A write down in the value of held for sale financial assets;
- Ongoing exploration and project expenditures;
- Increased mining costs resulting primarily from increasing strip ratios.

Operations

Total saleable coal production from New Hope's operations in the 2009 year was 5.140 million tonnes, an increase of 15.5% above the 2008 year. The Company's operations result, which excludes interest income and non regular items, increased by 82% from \$82.5 million in 2008 to \$150.5 million in 2009. This increase continues the trend over the past several years as production volumes and prices have continued to improve, as have operating margins, despite some increasing costs.

Total coal sold during the year was 11.7% higher at 4.972 million tonnes, compared with 4.451 million tonnes sold in the 2008 year. Coal export volumes rose by 643,000 tonnes (or 19.9%) to 3.868 million tonnes while domestic sales were 1.104 million tonnes, being 122,000 tonnes or 10% lower than the previous year.

New Acland Mine

The New Acland mine is located 16km north west of Oakey on the Darling Downs in South East Queensland and is the Company's major production source with 4.263 million tonnes produced during the year. This reflects the expansion to the rate of 4.2 million tonnes per year, which was completed in April 2008. New Acland has completed the initial development of a second open cut pit south of the current operations to maximise coal qualities and operating flexibility. First coal from this southern pit was processed in mid September 2008. An extensive operational and business improvement review was conducted between January and April 2009, which resulted in several business sector improvement targets being identified. Implementation of the key business improvement initiatives are underway with benefits expected progressively into the new year.

Planning is well advanced on the next incremental expansion at New Acland (New Acland Stage 3 expansion) to 4.8 million tonnes per year. The expansion is scheduled for completion in the second quarter of 2009/10, subject to construction contractor performance. The scale of this incremental expansion will maximise production within existing mining approvals and fully utilise available rail capacity.

Additionally, significant progress has been made on a potential New Acland Expansion Stage 4 which would optimise staged future production pathways up to 10 million tonnes per year. The State Government of Queensland has designated the expansion to be a project of State Significance. The supporting mining lease application is on track with a decision by the Queensland Government expected during 2010 or early 2011, subject to the normal regulatory approval process and response to any objections to the lease grant. The final terms of reference for the Environmental Impact Statement (EIS) were issued in 2008 and the Draft EIS has been completed. Submission of the Draft EIS is scheduled to occur during September 2009.

West Moreton Mines

The balance of coal production in the 2009 year of 877,000 tonnes (2008: 531,000 tonnes) came from the New Oakleigh and Jeebropilly mines in the West Moreton (WM) district, near Ipswich. Production from New Oakleigh was 452,000 tonnes, a decrease of 14.9% from the prior year. The remainder of 425,000 tonnes of WM production came from the recommissioned Jeebropilly mine.

The re-evaluation of remnant coal reserves at the New Oakleigh mine site was completed during the year, with the decision taken to continue mining operations at higher strip ratios and higher operating costs. Depending on the ongoing economic viability of mining the remaining remnant reserves, there remains the possibility to add up to 1 to 2 years of production at lower mining rates.

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Previous mining operations at Jeebropilly ceased in February 2007 due to the consumption of all economic reserves at that time. Our interest in the Jeebropilly coal resource was reignited in 2008 given the export pricing environment at that time. As a result, overburden removal of the re-commissioned operations commenced in June 2008 and coal mining commenced in August 2008. This operation will be at a higher cost than in the past due to higher strip ratios, but is not subject to the rail restrictions of the Toowoomba Range and is only 85 kms from the coal ship loading facilities at the Port of Brisbane.

Operating experience since re-commissioning the mine in 2008 has resulted in higher yields and lower strip ratios than originally planned, leading to lower than expected unit costs. As a result, a decision was taken in early 2009 to increase the production capacity of the Jeebropilly mine to 900,000 tonnes per year. This has been achieved by expanding the working rosters to six days per week and employing additional people.

The existing wash plant at Jeebropilly, which also processes the New Oakleigh coal, has a capacity of some 1.8 million tonnes per year, thereby being capable of processing the additional Jeebropilly coal. Overall this is a low risk project that has allowed New Hope to take further advantage of the continued strong export demand for its coal and realise blending opportunities (with New Acland coal) and to optimise available rail capacity.

Queensland Bulk Handling

Queensland Bulk Handling Pty Ltd (QBH), which is 100% owned by New Hope Corporation, achieved a record throughput with 6.118 million tonnes loaded onto 87 ships in 2009, up from 5.472 million tonnes loaded onto 82 ships in 2008. The QBH facility continues to operate essentially demurrage free.

As reported in 2008, QBH has committed to an expansion of the coal handling facilities with the addition of new stockpiles and associated infrastructure to meet increased forecast coal exports through the Port of Brisbane as extra rail capacity is forecast to become available. Expansion work is progressing well with the following work having been completed to date:

- relocation of the environmental dam;
- placement and compaction of all stockpile base bulk fill;
- placement and compaction of stockpile capping on two of the four new stockpile areas;
- supply and installation of a new stacker (excluding electrical) and rails;
- supply and installation of new reclaimer and conveyor concrete foundations for two of the four additional stockpiles;
- supply and partial installation of the first of six new coal reclaimers, with fabrication well advanced on three reclaimers;
- execution of a contract for all electrical works.

The project is on track to be completed by October 2010 with minimal interruption to scheduled coal exports during the expansion project, which will take annual capacity to a nominal 10 million tonnes.

Wetalla Pipeline Project

The Wetalla Pipeline Project commenced in April 2008 with the execution of a long term (43 years) water supply agreement with the Toowoomba Regional Council (TRC) for New Acland Coal (NAC) to receive recycled waste water from TRC's Wetalla Water Reclamation plant on the outskirts of the city of Toowoomba. The agreement with the TRC requires NAC to construct a 46km pipeline from Wetalla to the New Acland Mine.

The EIS for the pipeline project was approved by the Queensland Government Co-ordinator General in December 2008, with subsidiary approvals granted by TRC, affected landholders and infrastructure owners (including QR Network) along the pipeline route. Procurement and construction activities commenced in June 2008 under an interim approval mechanism. The construction of the pipeline and associated pump station and other support infrastructure has been completed. Pipeline commissioning is anticipated to be completed in October 2009 with total project costs below budget estimates.

Arrow Energy Limited

New Hope acquired its initial shareholding in Arrow Energy in July 2006, and has subsequently increased its shareholding via exercising options and purchasing additional shares. As at 31 July 2009 New Hope held 122.6 million shares at a total cost of \$119.3 million; equivalent to 16.9% of the company. Arrow Energy's share price on 31 July 2009 was \$4.29, valuing the New Hope investment at \$525.9 million and representing an unrealised gain before tax of \$406.6 million.

New Hope Exploration

Subsequent to the sale of the New Saraji Project to BMA in September 2008, New Hope's exploration activity refocused on its other Central Queensland and Darling Downs tenements and its existing mining operations. The company also took the opportunity to refurbish two of its drilling rigs and implement new and improved operating business control systems to ensure compliance with regulations and corporate governance requirements.

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New Hope's exploration strategy remains unchanged and is directed toward evaluating open cut and underground coking coal resources in Central Queensland, open cut thermal coal in South East Queensland and evaluating coals as potential sources of both surface and possible underground gasification and liquefaction projects. Recently New Hope has initiated the next phase of exploration at Jimbour and Ownaview. Additionally, considerable effort has been directed at all of the mining entities to assist operations and expansion programmes.

The Downs Project consists of ten non-contiguous Exploration Permits for coal (EPC's) that cover an area of 4,500 square kilometres from Toowoomba, northwest to Jimbour and south to Inglewood in South East Queensland. The aim of the Downs Project is to locate thermal coal resources similar to the existing New Acland Mine resource and to identify coal resources suitable for coal gasification and liquefaction.

In central Queensland, New Hope's exploration activities have been directed to expanding its resource definition program within the broader EPC at Lenton and evaluating future target drill sites at the Bee Creek EPC. Recent drilling and seismic programmes indicate additional coal volumes at Lenton.

Coal to Synfuels

New Hope continued its research activities regarding the evaluation of conversion of Acland coal into gas followed by possible power generation and / or liquefaction. New Hope continued ongoing gasification trials in both South Africa (SA) and the USA, focussing on two different technologies.

Initial results from a test scale slurry reactor have been encouraging and have confirmed earlier results which indicate the suitability of New Acland coal for conversion to liquid fuels. Further trials over the next three to six months will enable finalisation of design parameters for a one tonne per hour concept test unit, subject to government approvals.

A total of 240 tonnes of coal has been sent to SA – the first 120 tonnes in September 2008 and the remaining 120 tonnes in August 2009 – for testing in a newly constructed synthetic crude test facility. To date some 80 tonnes has been processed in six discrete test runs, with further benchmark testing programmed to commence in October 2009. The first synthetic crude oil was produced from New Acland coal from the test facility in June 2009. The test results have been encouraging with ongoing trials improving operating protocols. Testing of the second bulk sample of coal is programmed to commence in the last quarter of calendar year 2009.

Land

During the development cycle of its exploration and coal mining activities, New Hope has acquired over 12,000 hectares of land around Ipswich, Rosewood, Amberley and Acland.

New Hope has acquired further landholdings in the Acland region during the year, taking the total landholdings there to approximately 9,200 hectares. This land is being managed by New Hope's agricultural company, Acland Pastoral Company Pty Ltd (APC). Cattle grazing, cropping, pasture management and mine rehabilitation are key activities of Acland Pastoral. These activities will be ongoing over the life of New Acland mining operations.

APC executed an agreement with Allied Beef during the year, which provides for a profit sharing partnership arrangement for growing cattle. This arrangement has enabled APC to increase its cattle herd as increased landholdings become available. APC has also leased its 2,800 head piggery to a third party.

In past years New Hope has been successful in adding value to its Ipswich landholdings where mining has ceased – most notably near Swanbank east of Ipswich. With the likely completion of mining operations in the Ipswich Region over the next 3 to 5 years, New Hope has completed preliminary studies of this 2,900 hectare area to identify the most appropriate future land use post mining. During 2009 New Hope completed conceptual development plans to guide the post mining development of the land, including a combination of urban, commercial, recreational, industrial and ecological uses. The concept plans were submitted to both the Ipswich City Council and Qld State Government Department of Infrastructure and Planning (DIP) as part of the invitation for submissions to the South East Queensland Regional Plan (SEQRP) review.

The draft SEQRP was released for public comment in December 2008, with the final SEQRP being published in May 2009. The new plan has confirmed that all of New Hope's landholdings associated with its Jeebropilly mining area are included within the SEQ urban footprint and designated for future industrial development. Whilst the urban footprint was not modified to include New Hope's land around Rosewood, feedback from the DIP has affirmed New Hope's concept plans as being worthy of consideration for inclusion as a future growth area.

Outlook

New Hope has reliable and efficient, low cost mining operations and employs experienced supporting personnel (including its own exploration crews) to underwrite the continued growth in production over the coming years. Whilst production and sales growth are subject to favourable economic conditions and access to rail capacity, New Hope is well positioned to continue building on the growth delivered over the past 5 years.

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The sale of the New Saraji Project further increases a strong balance sheet after the expected return of dividends to shareholders. New Hope is investing in the necessary infrastructure to support the expanded New Acland operations via the Wetalla pipeline and the expanded QBH operations.

The re-commissioning of the Jeebropilly Mine and the extension of the New Oakleigh mine will sustain our export production in the next few years. Overall, the combined total coal production and sales for the coming year is likely to be in the range of 5.6 to 5.7 million tonnes. New Hope has well priced contracts and available rail capacity to support the increased production.

The Lenton Project (likely metallurgical and thermal coals) will be evaluated to determine the best development path over the next few years. A number of alternative strategies are being evaluated, with port capacity being a possible development constraint before 2012.

Our exploration portfolio remains strong with good indications of coal which could be suitable for export and/or conversion fuels in the Darling Downs region of Queensland. Bee Creek remains a region of special interest for metallurgical coals and will be further evaluated over the next 12 months.

Early indications are that our coal conversion activities are headed in the right direction and, subject to engineering and feasibility studies, New Hope is well positioned to economically deploy these technologies in a staged manner to shareholders advantage.

Our very strong balance sheet allows New Hope to plan its future projects with confidence and we are very well positioned to take advantage of any acquisitions which allow us to leverage our strengths.

New Hope's operations continue to perform strongly; however with the sharp decrease in export coal prices resulting from the world economic downturn in late 2008 and early 2009, it is likely that an earnings decline will eventuate in 2010 from normal operations; despite higher production and sales. Exchange rate volatility is likely to continue given the uncertainty in world economic activity, which could further impact on New Hope earnings.

Capital Management

Proceeds from the sale of the New Saraji Project to BMA totalling \$2.45 billion have been retained on deposit with major banks, with interest rates declining for those deposits rolled over during the year. Subsequent to the payment of tax in January 2010, payment of the ordinary and special dividends to shareholders, and subject to any acquisitions that may eventuate, the interest revenue earned on term deposits will contribute to New Hope's 2010 profit but will be less than the current year.

Directors have declared that a special dividend in the order of \$600 million will be paid to shareholders in conjunction with the final 2009 year dividend in November 2009. The timing of this special dividend coincides with income tax on the sale of the New Saraji Project of approximately \$725 million being payable at the time and lodgement of the Company's 2009 financial year tax return in January 2010. This will allow the special dividend to be fully franked in the hands of the shareholders. In arriving at the special dividend the Directors have taken into consideration the company's ongoing capital requirements and the need to continue to actively pursue new investment opportunities in the energy sector.

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.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st July 2009

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 Natural Resources (formerly the Environmental Protection Agency) under Queensland's Environmental Protection Act 1994. The Company's coal export port facility, Queensland Bulk Handling (QBH), operates under a site-based Environmental Management Plan to meet the conditions of its Development Approval issued under the Integrated Planning Act 1997.

Each one of the Company's operating sites (mines, exploration tenements and port facility) operates under a separate, site-specific environmental authority.

The Company conducted several major development projects during 2008/09; each having environmental relevance.

- A draft Environmental Impact Statement (EIS) was submitted to the Queensland Department of Infrastructure & Planning in May 2008 (final report in September 2008) seeking approval for the Company's planned Wetalla Water Pipeline Project. The Coordinator General, subsequent to assessment of the EIS, approved the Project in December 2008. The Project provides for the construction and operation of a 45km pipeline which will transport treated waste water from the Toowoomba Regional Council Wetalla Water Reclamation Plant to the New Acland Mine site, primarily for use in coal mining and processing operations.
- An EIS for the New Acland Mine Stage 3 Expansion Project was prepared ready for submission to the Queensland Department of Infrastructure and Planning. The EIS will be submitted early in the 2009/10 financial year.
- QBH completed modifications to the discharge structure for a new environmental settlement pond constructed as part of the terminal expansion project.

The Company has continued its participation in the Commonwealth Energy Efficiency Opportunities (EEO) program, including lodging its first Public and Government Reports within the required timeframes. Under the EEO program, energy use by various businesses within the corporate group is assessed to identify opportunities for energy savings.

The Greenhouse Challenge Plus program under which the Company has previously reported was discontinued by the Federal Government in the 2008/09 Financial Year.

All three mine sites and QBH submitted reports as required under the National Pollutant Inventory program.

The Company maintains its membership of Coal21, a multi-million dollar fund which provides financial contributions to demonstrate clean coal technologies.

The Company has taken steps to understand and meet its obligations under the National Greenhouse and Energy Act 2007 including preparing to register for the program and submit first reports in October 2009. In conjunction with this, the Company continues to monitor the evolution of the Federal Government's proposed Carbon Pollution Reduction Scheme to understand likely impacts on its businesses.

Environmental management is an important aspect of the Company's business. Management systems and operating procedures have continued to evolve to keep pace with operational expansions, increasing public expectations and emerging regulatory requirements.

New Hope Corporation Limited and Controlled Entities
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Information on Directors

Mr R.D. MILLNER (Non executive Chairman)

Experience

Mr Millner is a grazier-Director and Chairman of the Company's holding Company, Washington H. Soul Pattinson and Company Limited. Mr Millner joined the Board in 1995 and was appointed Chairman in 1998.

Other current Directorships

Washington H. Soul Pattinson and Company Limited	Appointed 1984
SP Telemedia Limited	Appointed 2000
Souls Private Equity Limited	Appointed 2004
Brickworks Limited (including Bristile Limited)	Appointed 1997
Brickworks Investment Company Limited (incl PSI Limited)	Appointed 2003
Australian Pharmaceutical Industries Limited	Appointed 2000
Milton Corporation Limited	Appointed 1998
Choiseul Investments Limited	Appointed 1995

Former Directorships in last 3 years

Nil

Special responsibilities

Chairman of the Board

Interests in shares and options

3,570,573 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
KH Foods Limited	Appointed 2008

Former Directorships in last 3 years

SP Telemedia Limited Appointed 2000 Resigned 2008

Special responsibilities

Member of the Remuneration and Nomination Committee.

Interests in shares and options

67,447 ordinary shares in New Hope Corporation Limited
Nil options over ordinary shares in New Hope Corporation Limited

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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
KH Foods Limited	Appointed 2008

Former Directorships in last 3 years

Australian Pharmaceutical Industries Limited	Appointed 2000 Resigned 2007
Stockland Limited	Appointed 1990 Retired 2006
B Digital Limited	Appointed 2005 De-listed 2007
SP Telemedia Limited	Appointed 2000 Resigned 2008

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
Arrow Energy Limited	Appointed 2006

Former Directorships in last 3 years

Nil

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

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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.

Other current Directorships

Life Without Barriers	Appointed 2002
Brisbane Development Association	Appointed 2006
Urban Land Development Authority	Appointed 2007
Brisbane Airport Corporation	Appointed 2007
Queensland Performing Arts Centre Trust (QPAC)	Appointed 2006

Former Directorships in last 3 years

Brisbane Marketing	Appointed 2003	Resigned 2006
Griffith University - Conservatorium of Music Council	Appointed 2002	Resigned 2006
Wesley West Pty Ltd	Appointed 2006	Resigned 2007
Napier Blakeley Consulting	Appointed 2006	Resigned 2007

Special responsibilities

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

Interests in shares and options

20,000 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

Former Directorships in last 3 years

Nil

Special responsibilities

Managing Director and Chief Executive Officer.

Interests in shares and options

1,005,500 ordinary shares in New Hope Corporation Limited
2,000,000 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.

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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.

Non-executive Director remuneration

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 \$500,000 per annum.

Executive remuneration

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, issued in accordance with the Employee Share Option 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.

Additionally, a one off special bonus was paid to all permanent employees during the year, reflecting the outstanding financial result on the sale of the Saraji Coal Project. In arriving at the quantum of the bonus, the Directors considered the significance of the contribution of all staff, and the financial benefits that flowed to shareholders as a result of the sale.

Long term incentives in the form of share options under the Employee Share Option Plan 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. Options vest after three years from date of grant with the aim of acting as a retention incentive for executives. 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 (appointed MD 14 November 2008)
Mr M.L. Bailey, Chief Operations Officer and Acting Chief Financial Officer (appointed CFO 16 March 2009)
Mr P.K. Mantell, Chief Financial Officer and Company Secretary (resigned 16 March 2009)
Mr B.J. Garland, General Manager - Resource Development
Mr D. Brown-Kenyon, General Manager - Corporate Development & Government Relations
Mr C.C. Hopkins, General Manager - Marketing
Mr C.W. Easton, General Manager - Business Improvement

Mr Shane Stephan was appointed to the role of Chief Financial Officer on 31 August 2009.

In addition, Mr K.J. Jamieson, General Manager - New Acland, must be disclosed under the *Corporations Act 2001* as he is among the 5 highest remunerated Group executives.

New Hope Corporation Limited and Controlled Entities
Directors Report - 31st July 2009

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	Post	Share based		Total
	Cash salary and fees	Cash bonus	Non cash benefits	benefits	employment	Termination Benefits	Options	
				LSL	Super- annuation			
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors - 2009								
Mr R.D. Millner	101,667	-	-	-	9,000	-	-	110,667
Mr P.R. Robinson	56,667	-	-	-	5,100	-	-	61,767
Mr D.J. Fairfull	56,667	-	-	-	5,100	-	-	61,767
Mr D.C. Williamson	64,584	-	-	-	5,813	-	-	70,397
Mr W.H. Grant	56,667	-	-	-	5,100	-	-	61,767
Executive Directors - 2009								
Mr R.C. Neale (1) (2) (3)	686,858	1,906,000	37,101	11,898	13,805	-	98,037	2,753,699
Other key management personnel - 2009								
Mr M.L. Bailey (1) (2)	460,208	579,000	29,424	-	13,805	-	371,572	1,454,009
Mr P.K. Mantell (1) (2) (4)	197,001	134,000	19,687	5,500	11,489	202,201	74,278	644,156
Mr B.J. Garland (1) (2)	327,833	453,000	25,160	-	13,805	-	247,714	1,067,512
Mr D. Brown-Kenyon (2)	246,917	507,000	27,356	4,200	13,805	-	61,898	861,176
Mr C.C. Hopkins	259,708	563,000	23,415	4,450	13,805	-	61,898	926,276
Mr C.W. Easton	234,417	86,000	16,573	-	13,805	-	102,113	452,908
Other most highly remunerated officers - 2009								
Mr K.J. Jamieson (1) (5)	259,750	93,000	19,462	-	13,805	241,864	58,657	686,538
	<u>3,008,944</u>	<u>4,321,000</u>	<u>198,178</u>	<u>26,048</u>	<u>138,237</u>	<u>444,065</u>	<u>1,076,167</u>	<u>9,212,639</u>
Non-executive Directors - 2008								
Mr R.D. Millner	90,000	-	-	-	8,100	-	-	98,100
Mr P.R. Robinson	45,000	-	-	-	4,050	-	-	49,050
Mr D.J. Fairfull	45,000	-	-	-	4,050	-	-	49,050
Mr D.C. Williamson	50,000	-	-	-	4,500	-	-	54,500
Mr W.H. Grant	45,000	-	-	-	4,050	-	-	49,050
Other key management personnel - 2008								
Mr R.C. Neale (1) (2)	624,422	216,000	34,826	10,817	13,237	-	230,877	1,130,179
Mr M.L. Bailey (1) (2)	429,482	-	27,167	-	9,912	-	359,355	825,916
Mr P.K. Mantell (1) (2)	302,389	64,000	25,205	5,130	13,237	-	173,158	583,119
Mr B.J. Garland (1) (2)	308,718	-	16,336	-	12,848	-	239,570	577,472
Mr D. Brown-Kenyon (2)	236,889	43,000	29,857	3,982	13,237	-	144,298	471,263
Mr C.C. Hopkins	242,422	43,000	21,170	-	13,237	-	144,298	464,127
Mr C.W. Easton	222,589	42,000	20,038	-	13,237	-	116,939	414,803
Other most highly remunerated officers - 2008								
Mr K.J. Jamieson (1)	263,422	68,000	23,300	-	13,237	-	219,958	587,917
	<u>2,905,333</u>	<u>476,000</u>	<u>197,899</u>	<u>19,929</u>	<u>126,932</u>	<u>-</u>	<u>1,628,453</u>	<u>5,354,546</u>

(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 Neale was appointed to the Board of Directors on 14 November 2008.

(4) Mr Mantell resigned with effect 16 March 2009.

(5) Mr Jamieson resigned with effect 1 July 2009.

New Hope Corporation Limited and Controlled Entities
Directors Report - 31st July 2009

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. These officers have also been granted options under the New Hope Corporation Limited Employee Share Option Plan at the discretion of the Remuneration and Nomination Committee. The contracts with Messrs Neale, Mantell and Brown-Kenyon include provision for a separation allowance if their employment is terminated by the Company or on their retirement from full time employment. Mr Bailey's contract includes provision for a separation payment in the event of his termination as a result of a takeover or merger of the Company. The allowances are less than one years remuneration.

Contracts with executives may be terminated by either party giving notice as specified in their contract of employment. For Messrs Neale and Brown-Kenyon 2 months notice is required. Mr Hopkins' contract requires 4 weeks notice, Mr Easton's 8 weeks notice, and Messrs Bailey and Garland's 10 weeks notice and Mr Jamieson's contract specifies 12 weeks notice.

d. Share based compensation - options

Options are granted under the New Hope Corporation Limited 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 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
3 January 2006	4 January 2009	2 January 2011	\$1.235	\$1.230	41.30%	4.57%	5.14%	\$0.346
8 May 2006	9 May 2009	7 May 2011	\$1.288	\$1.280	40.46%	3.83%	5.56%	\$0.384
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

New Hope Corporation Limited and Controlled Entities
Directors Report - 31st July 2009

Remuneration report (continued)

Share options granted to Directors and key management personnel

Details of management options over ordinary shares in the Company as at 31 July 2009, 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 32 to the financial statements.

	Number of options granted during the year		Number of options vested during the year	
	2009	2008	2009	2008
Directors of New Hope Corporation Ltd				
Mr R.C. Neale	-	-	2,000,000	-
Other key management personnel of the Group				
Mr M.L. Bailey	-	1,500,000	-	-
Mr P.K. Mantell	-	-	1,500,000	-
Mr B.J. Garland	-	1,000,000	-	-
Mr D. Brown-Kenyon	-	-	1,250,000	-
Mr C.C. Hopkins	-	-	1,250,000	-
Mr C.W. Easton	-	-	500,000	-
Other most highly remunerated officers of the Group				
Mr K.J. Jamieson	-	-	1,800,000	-

	Number of ordinary shares issued on the exercise of options during the year		Amount paid per share	
	2009	2008	2009	2008
Directors of New Hope Corporation Ltd				
Nil	-	-	-	-
Other key management personnel of the Group				
Mr P.K. Mantell	1,500,000	-	1.24	-
Mr K.J. Jamieson	800,000	-	1.20	-
Mr K.J. Jamieson	1,000,000	-	1.24	-

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

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.

New Hope Corporation Limited and Controlled Entities
Directors Report - 31st July 2009

Remuneration report (continued)

e. Additional information (continued)

Options issued to R.C. Neale, P.K. Mantell, D. Brown-Kenyon, K.J. Jamieson, C.W. Easton and C.C. Hopkins during the 2006 financial year vested during the 2009 financial year. Options issued to C.W. Easton during the 2007 financial year will vest during the 2010 financial year. Options issued to M.L. Bailey and B.J. Garland during the 2008 financial year will vest 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	4%	-	-	-	-
Mr M.L. Bailey	26%	-	-	-	-
Mr P.K. Mantell	12%	-	3,097,500	-	3,097,500
Mr B.J. Garland	23%	-	-	-	-
Mr D. Brown-Kenyon	7%	-	-	-	-
Mr C.C. Hopkins	7%	-	-	-	-
Mr C.W. Easton	23%	-	-	-	-
Mr K.J. Jamieson	9%	-	6,196,550	-	6,196,550

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 \$25,035 for the options issued in January 2007, and \$643,039 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. The results for 2005 were significantly impacted by the overseas operations, which were sold during the year ended 31 July 2005.

Year ended 31 July	2009	2008	2007	2006	2005
Net profit attributable to shareholders (A\$000's)	1,950,392	90,684	69,309	68,695	447,790
Profit after tax from continuing operations (A\$000's)	1,950,392	90,684	69,309	68,695	53,127
Dividends paid during the year (cents / share)	16.25	7.75	9.10	18.00	4.25
Return of capital paid during the year (cents / share)	-	-	-	10.00	-
Share price as at 31 July (\$ / share)	5.34	4.69	2.13	1.28	1.30
Shareholders funds (A\$000's)	2,748,498	827,607	731,198	568,290	697,862

Shares under option

Unlisted ordinary shares of New Hope Corporation Limited under option at the date of this report are as follows:

Type of Option	Date option granted	Expiry date	Issue price of shares	Number under option
Management Options	3 January 2006	2 January 2011	\$1.24	7,318,000
Management Options	8 May 2006	7 May 2011	\$1.29	500,000
Management Options	2 January 2007	1 January 2012	\$1.41	1,000,000
Management Options	19 January 2007	18 January 2012	\$1.36	500,000
Management Options	13 August 2007	12 August 2012	\$2.10	2,500,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st July 2009

(Continued)

Shares issued on the exercise of options

During the year 795,870 listed options were exercised and converted to ordinary shares in the company. The options were granted on 10 September 2003 and had an exercise price of \$0.35. No amounts are unpaid on any of the shares.

Since the end of the financial year, an additional 1,900,000 management options were exercised and converted to ordinary shares in the company. The options were granted on 3 January 2006 and had an exercise price of \$1.235. No amounts are unpaid on any of the shares.

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 34):

	Consolidated	
	2009	2008
Audit Services		
PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	250,033	300,791
Total remuneration for audit services	<u>250,033</u>	<u>300,791</u>
Non-audit services		
<u>Taxation services</u>		
PricewaterhouseCoopers Australian firm:		
Transaction advisory services	833,922	289,544
General advisory services	73,311	145,539
Tax compliance services	311,150	153,731
Research and development compliance services	207,783	127,137
Total remuneration for non-audit services	<u>1,426,166</u>	<u>715,951</u>

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.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31st July 2009

(Continued)

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 July 2009 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	11	10			3	3
Mr P.R. Robinson	11	10			2	2
Mr D.J. Fairfull	11	11	3	3	2	2
Mr D.C. Williamson	11	11	3	3	3	3
Mr W.H. Grant	11	11	3	3	5	4
Mr R.C. Neale	8	8				

Signed at Sydney this 21st day of September 2009 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 2009, 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.

M. Linz
Partner
PricewaterhouseCoopers

Sydney
21 September 2009

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.

New Hope Corporation Limited

Corporate Governance Statement

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.

New Hope Corporation Limited

Corporate Governance Statement

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 \$500,000 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 2009

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The financial report covers both New Hope Corporation Limited as an individual entity and the consolidated entity consisting of New Hope Corporation Limited and its subsidiaries. The financial report is presented in 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 the 21 September 2009. 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

Income Statements
for the year ended 31st July 2009

	Notes	Consolidated		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenue from continuing operations	4	700,785	329,787	353,451	22,012
Other income	5	2,411,177	540	-	11
		<u>3,111,962</u>	<u>330,327</u>	<u>353,451</u>	<u>22,023</u>
Expenses					
Cost of sales		(231,669)	(129,711)	(12,926)	(7,771)
Marketing and transportation		(83,252)	(57,961)	(1,818)	(894)
Administration		(19,002)	(9,064)	(18,966)	(9,064)
Finance costs		(13)	(1)	(6)	-
Other expenses		(5,912)	(4,861)	(2,062)	(3,454)
Profit before income tax		<u>2,772,114</u>	<u>128,729</u>	<u>317,673</u>	<u>840</u>
Income tax expense	7	(821,722)	(38,045)	(29,486)	1,168
Profit attributable to New Hope shareholders		<u>1,950,392</u>	<u>90,684</u>	<u>288,187</u>	<u>2,008</u>

Earnings per share for profit attributed to ordinary equity holders of the Company

Basic earnings per share (cents / share)	37	240.3	11.2
Diluted earnings per share (cents / share)	37	236.7	11.0

The above income statements should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

Balance Sheets
as at 31st July 2009

	Notes	Consolidated		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Current assets					
Cash and cash equivalents	9	220,348	9,691	220,340	1,802
Receivables	10	36,555	32,704	1,114,774	266,086
Inventories	11	39,057	26,614	3	3
Held to maturity investments	12	2,486,666	172,293	2,486,666	172,293
Derivative financial instruments	38	14,525	8,363	-	-
Other	13	124	1,506	2	2
Non-current assets classified as held for sale	14	-	7,139	-	-
Total current assets		2,797,275	258,310	3,821,785	440,186
Non-current assets					
Receivables	15	4,507	5,037	-	-
Available for sale financial assets	16	527,985	398,335	-	-
Other financial assets	17	-	-	16,115	16,115
Derivative financial instruments	38	8,157	7,106	-	-
Property, plant and equipment	18	394,358	309,748	8,914	2,004
Exploration and evaluation assets	19	2,572	1,976	-	-
Investment property	20	35	35	35	35
Deferred tax assets	21	-	-	-	111
Intangible assets	22	8,453	10,014	2,745	4,365
Total non-current assets		946,067	732,251	27,809	22,630
Total assets		3,743,342	990,561	3,849,594	462,816
Current liabilities					
Accounts payable	23	45,332	26,650	12,159	7,724
Borrowings	24	-	-	2,507,870	59,668
Current tax liabilities		743,970	15,172	744,549	15,758
Derivative financial instruments	38	-	71	-	71
Provisions	26	7,611	5,800	530	570
Total current liabilities		796,913	47,693	3,265,108	83,791
Non-current liabilities					
Deferred tax liabilities	25	181,118	102,916	38,434	-
Provisions	27	16,813	12,345	77	83
Total non-current liabilities		197,931	115,261	38,511	83
Total liabilities		994,844	162,954	3,303,619	83,874
Net assets		2,748,498	827,607	545,975	378,942
Equity					
Contributed equity	28	63,427	48,922	63,427	48,922
Reserves	29(a)	337,458	249,655	7,975	11,825
Retained profits	29(b)	2,347,613	529,030	474,573	318,195
Total equity		2,748,498	827,607	545,975	378,942

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

New Hope Corporation Limited and Controlled Entities

Statements of Changes in Equity
for the year ended 31st July 2009

	Notes	Consolidated		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Total equity at the beginning of the year		827,607	731,198	378,942	436,835
Recognised income and expense for the year (net of tax)					
Cash flow hedges	29	5,099	2,040	50	(50)
Gain on revaluation of assets	29	-	27,412	-	-
Changes in fair value of available for sale financial assets	29	86,604	36,124	-	-
Net income recognised directly in equity		91,703	65,576	50	(50)
Profit for the year		1,950,392	90,684	288,187	2,008
Total recognised income and expense		2,042,095	156,260	288,237	1,958
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	28	8,995	88	8,995	88
Dividends provided for or paid	8	(67,018)	(38,406)	(67,018)	(38,406)
Special dividend paid	8	(64,791)	(24,255)	(64,791)	(24,255)
Share based payment reserve	29	1,610	2,722	1,610	2,722
		(121,204)	(59,851)	(121,204)	(59,851)
Total equity at the end of the year		2,748,498	827,607	545,975	378,942
Total recognised income and expense for the year is attributable to:					
Members of New Hope Corporation Limited		2,042,095	156,260	288,237	1,958
		2,042,095	156,260	288,237	1,958

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

**Cash Flow Statements
for the year ended 31st July 2009**

	Notes	Consolidated		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash flows from operating activities					
Receipts from customers inclusive of GST		578,713	311,723	333	1,580
Receipt of GST on the sale of the Saraji coal project		245,000	-	-	-
Payments to suppliers and employees inclusive of GST		(323,145)	(182,242)	(24,575)	(10,764)
Payment of GST on the sale of the Saraji coal project		(245,000)	-	-	-
		<u>255,568</u>	<u>129,481</u>	<u>(24,242)</u>	<u>(9,184)</u>
Dividends received		-	-	-	-
Income taxes paid		(53,937)	(26,836)	(53,937)	(26,836)
Net cash inflow / (outflow) from operating activities	36	<u>201,631</u>	<u>102,645</u>	<u>(78,179)</u>	<u>(36,020)</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(113,781)	(36,085)	(7,563)	(1,244)
Payments for intangible assets		(438)	(2,056)	(364)	(2,018)
Payments for exploration and evaluation activities		(8,289)	(10,491)	-	-
Payment for purchase of subsidiary, net of cash acquired		-	(40,516)	-	-
Payments for available-for-sale financial assets		(8,414)	(27,457)	-	-
Proceeds from / (payments for) held to maturity investments		(2,187,036)	16,545	(2,187,036)	16,545
Proceeds from sale of property, plant & equipment		2,450,523	1,103	103	43
Costs incurred on disposal of the Saraji coal project		(29,670)	-	-	-
Loans advanced to related parties / repaid to related parties		-	-	-	(284,824)
Loans advanced from related parties / repaid by related parties		-	-	2,585,661	303,552
Interest and other costs of finance paid		(6)	(11)	(6)	(10)
Interest received		32,631	12,628	32,416	12,394
Net cash inflow / (outflow) from investing activities		<u>135,520</u>	<u>(86,340)</u>	<u>423,211</u>	<u>44,438</u>
Cash flows from financing activities					
Proceeds from issue of equity		8,995	90	8,995	90
Dividends paid		(131,803)	(62,661)	(131,803)	(62,661)
Net cash inflow / (outflow) from financing activities		<u>(122,808)</u>	<u>(62,571)</u>	<u>(122,808)</u>	<u>(62,571)</u>
Net increase / (decrease) in cash and cash equivalents		214,343	(46,266)	222,224	(54,153)
Cash and cash equivalents at the beginning of the financial year		9,691	56,892	1,802	56,890
Effects of exchange rate changes on cash and cash equivalents		(3,686)	(935)	(3,686)	(935)
Cash and cash equivalents at the end of the financial year	9	<u>220,348</u>	<u>9,691</u>	<u>220,340</u>	<u>1,802</u>

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

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report 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 as the parent entity and 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)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of New Hope Corporation Limited comply with IFRS.

(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 in conformity with AIFRS 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 2009 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 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.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of New Hope Corporation Limited.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign currency translation (continued)

(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 item 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 as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale.

e. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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;
- Interest income is recognised as it accrues using the effective interest method;
- Dividend income is taken into profit when the right to receive payment is established;
- Rental income is recognised on a straight line basis over the lease term.

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.

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 parent entity 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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Income tax (continued)

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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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 7.

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

g. Exploration and evaluation expenditure

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

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

h. Business combinations

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(t)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

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. Assets that are subject to amortisation are reviewed annually for indications of impairment. Financial assets are reviewed annually to determine whether there is objective evidence that they are impaired. When there is an indication an asset is impaired, a formal assessment of the asset's recoverable amount is made. 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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the income statement 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 the income statement.

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 writedown 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 on the face of 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 the Company intends to dispose of the investment within 12 months of the balance sheet date.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Investments and other financial assets (continued)

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. 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 10) and receivables (note 15) in the balance sheet.

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 the income statement.

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 the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance is charged to the income statement 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 and buildings is 25 to 40 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 the income statement.

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. Investment property

The Investment property, principally comprising land, is held for long-term returns and is not occupied by the Group, and is carried at cost.

t. Intangible assets

(i) IT development and software

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

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. 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.

u. Trade and other creditors

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.

v. Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs for the construction of a qualifying asset are capitalised at the rate applicable for the facility used to construct the asset.

w. Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and vested sick leave are recognised in other payables and are recognised and measured at the amounts expected to be paid when the liabilities are settled, including related on costs, in respect of employees' services up to that date.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Employee benefits (continued)

(ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, including related on costs, experience of employee departures and periods of service. Expected future payments are discounted using appropriate risk free rates as applicable to the estimated future cash outflows. Contributions for mine site employees are made to an industry fund and expensed as incurred. Payments made to employees are recovered from the fund. The amount recoverable from the fund is recorded as an asset in Receivables.

(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 39.

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 the income statement with a corresponding adjustment to equity.

x. Contributed equity

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

y. Dividends

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

z. Rounding of amounts

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

aa Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

ab Restoration, rehabilitation and environmental expenditure

Provisions are raised for restoration, rehabilitation and environmental expenditure as soon as an obligation exists, with the cost being charged to the income statement 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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. Restoration, rehabilitation and environmental expenditure (continued)

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.

ac. Benching and forward overburden removal

The costs of overburden removed in advance and establishment of work benches are deferred and charged to the income statement in subsequent years on the basis of saleable tonnes produced. Costs are not deferred in operations where uncertainty exists as to their recoverability as a result of either remaining mine life or technical conditions within the mine.

ad. 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.

ae. 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.

af. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2009 reporting periods. The group has elected not to early adopt these standards and interpretations. These standards and interpretations are not expected to have a material impact in future financial periods on any amounts recognised in the financial statements. A list of these standards and interpretations is as follows:

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are applicable to annual reporting periods commencing on or after 1 January 2009. Application of AASB 8 may result in different segments, segment results, and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12)*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. Application of AASB 123 is not expected, at this stage, to have any material effect on the Group as it does not use debt to fund the construction of qualifying assets.

(iii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101*

AASB 101 is applicable to reporting periods commencing on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet, as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 August 2009.

(iv) *Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements, and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

The revisions to AASB 3 and AASB 127 is applicable to annual reporting periods commencing on or after 1 July 2009. The Group intends to apply the revised standards prospectively only from 1 August 2009. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. New accounting standards and interpretations (continued)

(v) *Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6*

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 Non-current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Group will apply the revised standards from 1 August 2009. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

(vi) *AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations*

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply the revised standard from 1 August 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(vii) *AASB 2009-2 Amendments to AASB7 Financial Instruments: disclosures*

The IASB has issued a number of amendments to IFRS 7 which require financial instruments that are measured at fair value to be disclosed within a 3 level hierarchy, being quoted market prices, substantial market inputs, and unobservable inputs, representing the inputs used in measuring the fair values of the financial instruments. The group will apply the revised standard from 1 August 2009.

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 analyses in the case of interest rate, foreign exchange and other price risks and aging analyses 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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
The Group and parent entity hold the following financial instruments				
Financial assets				
Cash and cash equivalents	220,348	9,691	220,340	1,802
Trade and other receivables	41,062	37,741	1,114,774	266,086
Derivative financial instruments	22,682	15,469	-	-
Available-for-sale financial assets	527,985	398,335	-	-
Held-to-maturity investments	2,486,666	172,293	2,486,666	172,293
Other financial assets	124	124	2	2
	<u>3,298,867</u>	<u>633,653</u>	<u>3,821,782</u>	<u>440,183</u>
Financial liabilities				
Trade and other payables	45,332	26,650	12,159	7,724
Derivative financial instruments	-	71	-	71
Borrowings	-	-	2,507,870	59,668
	<u>45,332</u>	<u>26,721</u>	<u>2,520,029</u>	<u>67,463</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

2. FINANCIAL RISK MANAGEMENT - continued

a. Market risk

(i) Foreign exchange risk

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

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 5 years. All hedges of projected export coal sales qualify as "highly probable" forecast transactions for hedge accounting purposes.

The Group has hedged Japanese Yen upon the signing of a purchase order for the purchase of mining equipment sourced from Japan in order to secure certainty of the value of the purchase order. In the 2008 financial year A\$5,834,000 was included as a commitment for capital expenditure (refer note 31).

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	USD	USD	USD	USD
	\$000	\$000	\$000	\$000
Cash and cash equivalents	12,219	111	12,219	97
Trade receivables	16,620	10,919	-	-
Forward exchange contracts - sell foreign currency (cash flow hedges)	257,000	213,000	-	-

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	JPY000	JPY000	JPY000	JPY000
Forward exchange contracts - buy foreign currency (cash flow hedges)	-	574,679	-	-

Group sensitivity

Based on the trade receivables and cash held at 31 July 2009, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have increased/(decreased) by \$2,709,000/(\$2,216,000) (2008 - \$909,000/(\$744,000)), mainly as a result of foreign exchange gains/losses on translation of US dollar receivables as detailed in the above table. The Group's equity as at balance date would have increased/(decreased) by the same amounts.

Based on the forward exchange contracts held at 31 July 2009, 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 \$19,749,000/(\$24,138,000) (2008 \$14,370,000/(\$17,560,000)) There is no effect on post-tax profits. Equity in 2009 is more sensitive to movements in the Australian dollar / USD exchange rates than in 2008 because of the increased value of forward exchange contracts in 2009.

Parent entity sensitivity

The parent entity held no forward exchange contracts for its own benefit and had no exposure to foreign exchange fluctuations.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

2. FINANCIAL RISK MANAGEMENT - continued

a. Market risk- continued

(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.

Index	Impact on post-tax profit Consolidated		Impact on equity Consolidated	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
All Ordinaries	-	-	40,288	30,399

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. There would be no effect on the Parent Entity as the equity investments are held through a subsidiary company.

(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 24). Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade receivables	36,555	32,704	92	23
Cash at bank and short term bank	220,348	9,691	220,340	1,802
Held to maturity investments	2,486,666	172,293	2,486,666	172,293
Derivative financial instruments	22,682	15,469	-	-

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

2. FINANCIAL RISK MANAGEMENT - continued

c. Liquidity risk

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

(i) Financing arrangements

The Group has no current need of external funding lines.

d. Maturity of financial liabilities

Non-derivative financial liabilities of the Group and parent entity all mature within one year. The maturity groupings of derivative financial instruments are detailed in note 38.

e. Cash flow and fair value interest rate risk

The Group and parent entity currently have 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 12 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 \$16,048,000.

As the Group has no significant borrowings, its income statement and operating cash flows are substantially independent of changes in market interest lending rates. The parent entity's borrowings are non-interest bearing.

f. Fair Value estimation

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

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

(iii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(t). The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell or discounted cash flow calculation as appropriate. These calculations require the use of assumptions.

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) Investment in Arrow Energy Limited

The investment in Arrow Energy Limited has been classified as an "Available for sale financial asset" on the grounds that the company does not exert significant influence over the operations of Arrow Energy.

4. REVENUE

From continuing operations

Sales revenue

Sale of goods

Services

Other revenue

Dividends

Property rent

Interest

Sundry revenue

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Sale of goods	521,713	304,538	-	-
Services	14,475	9,346	9,295	9,680
	536,188	313,884	9,295	9,680
Dividends	-	-	184,103	-
Property rent	582	577	1	40
Interest	159,951	11,917	159,812	11,756
Sundry revenue	4,064	3,409	240	536
	700,785	329,787	353,451	22,012

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
5. OTHER INCOME				
From continuing operations				
Gain on sale of non-current assets (i)	2,411,177	540	-	11
Non regular items in Other Income includes:				
(i) Gain of sale of the New Saraji Project (note 40)	2,411,352	-	-	-
Tax expense	(723,266)	-	-	-
Profit after tax	1,688,086	-	-	-
6. EXPENSES				
Profit before income tax includes the following specific expenses:				
Foreign exchange gains and losses				
Net foreign exchange losses	3,686	934	3,686	934
Depreciation				
Buildings	126	42	76	-
Plant and equipment	20,454	19,474	734	700
	20,580	19,516	810	700
Amortisation				
Mining reserves and mine development	6,018	4,742	-	-
Port development	12	14	-	-
Software	2,012	728	1,977	712
	8,042	5,484	1,977	712
Other charges against assets				
Bad and doubtful debts	-	-	-	-
Impairment costs of held-for-sale investments	2,398	-	-	-
Finance Costs				
Interest expense	5	-	-	-
Bank charges	8	10	6	10
Exploration costs expensed	7,693	1,376	-	-
Defined contribution superannuation expense	3,772	2,401	592	538
Employee benefits expensed	63,237	43,200	17,603	11,697
Operating lease costs expensed	1,641	1,094	104	148
7. 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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
7. INCOME TAX EXPENSE (continued)				
b. Income Tax Expense				
Current tax	787,274	34,728	(3,183)	575
Deferred tax	39,011	5,066	38,524	312
Under / (over) provided in prior years	(4,563)	(1,749)	(5,855)	(2,055)
	<u>821,722</u>	<u>38,045</u>	<u>29,486</u>	<u>(1,168)</u>
Income tax expense is attributed to:				
Profit from continuing operations	821,722	38,045	29,486	(1,168)
Aggregate income tax expense	<u>821,722</u>	<u>38,045</u>	<u>29,486</u>	<u>(1,168)</u>
Deferred income tax expense / (revenue) included in income tax expense comprises:				
Decrease / (increase) in deferred tax assets	(1,340)	(2,447)	61	(197)
(Decrease) / increase in deferred tax liabilities	40,351	7,513	38,463	509
	<u>39,011</u>	<u>5,066</u>	<u>38,524</u>	<u>312</u>
c. Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax	2,772,114	128,729	317,673	840
Income tax calculated at 30% (2008 - 30%)	831,634	38,619	95,302	252
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Rebateable dividends	-	-	(55,231)	-
Share based payment expense	(4,808)	817	(4,808)	817
Investment allowance	(1,654)	-	(52)	-
Sundry items	1,113	358	130	(182)
	<u>826,285</u>	<u>39,794</u>	<u>35,341</u>	<u>887</u>
Under / (over) provided prior year	(4,563)	(1,749)	(5,855)	(2,055)
	<u>821,722</u>	<u>38,045</u>	<u>29,486</u>	<u>(1,168)</u>
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 25)	(39,191)	(23,539)	(21)	21
	<u>(39,191)</u>	<u>(23,539)</u>	<u>(21)</u>	<u>21</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

	Parent Entity	
	2009	2008
	\$000	\$000
8. DIVIDENDS - New Hope Corporation Limited		
a. Ordinary dividend paid		
2007 final dividend of 2.5 cents per share - 100% franked at a tax rate of 30% (paid on 13 Nov 2007)	-	20,212
2007 special dividend of 3.0 cents per share - 100% franked at a tax rate of 30% (paid on 13 Nov 2007)	-	24,255
2008 interim dividend of 2.25 cents per share - 100% franked at a tax rate of 30% (paid on 7 May 2008)	-	18,194
2008 final dividend of 3.5 cents per share - 100% franked at a tax rate of 30% (paid on 11 Nov 2008)	28,346	-
2008 special dividend of 8.0 cents per share - 100% franked at a tax rate of 30% (paid on 11 Nov 2008)	64,791	-
2009 interim dividend of 4.75 cents per share - 100% franked at a tax rate of 30% (paid on 6 May 2009)	38,672	-
Total dividends paid	131,809	62,661

b. Proposed dividends

In addition to the above dividends, since the end of the financial year, the Directors have declared a final dividend of 4.5 cents and a special dividend of 72.75 cents per fully paid share, (2008 - 3.5 cents per share and 8.0 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 10 November 2009 but not recognised as a liability at year end is \$638,263,099 (2008 - \$92,993,000).

c. Franked dividends

The franked portions of the final dividends recommended after 31 July 2009 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 2009.

Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	757,030	27,116
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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 \$273,541,328 (2008 - \$39,854,000).

d. Dividend reinvestment plans

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
9. CURRENT ASSETS - Cash and cash equivalents				
Cash at bank and on hand	220,348	9,691	220,340	1,802
	220,348	9,691	220,340	1,802

a. Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	220,348	9,691	220,340	1,802
Balances per statement of cash flows	220,348	9,691	220,340	1,802

b. 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 3.6% (2008 0% to 8.3%).

c. Risk exposure

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

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
10. CURRENT ASSETS - Receivables				
Trade receivables	26,944	26,112	92	23
Provision for impairment of receivables (a)	(31)	(32)	-	-
	<u>26,913</u>	<u>26,080</u>	<u>92</u>	<u>23</u>
Other receivables (c)	7,086	4,144	2,707	1,456
Owing by controlled entities	-	-	1,111,623	264,390
Prepayments	2,556	2,480	352	217
	<u>36,555</u>	<u>32,704</u>	<u>1,114,774</u>	<u>266,086</u>

a. Impaired trade receivables

Nominal value of impaired receivables	31	32	-	-
Provision for impairment	31	32	-	-

The individually impaired receivables relate to customers in receivership. The amounts receivable are fully provided for. There were no impaired receivables for the parent company in 2008 or 2007. The provisions above were raised in the 2006 and 2007 financial years.

The aging of these receivables is as follows:

1 to 3 months	-	-	-	-
4 to 6 months	-	-	-	-
Over 6 months	31	32	-	-
	<u>31</u>	<u>32</u>	<u>-</u>	<u>-</u>

Movements in the provision for impairment of receivables

Carrying amount at beginning of year	32	32	-	-
Receivables written off during year as uncollectible	(1)	-	-	-
	<u>31</u>	<u>32</u>	<u>-</u>	<u>-</u>

b. Past due but not impaired

As of 31 July 2009, certain trade receivables were past due but not impaired. These relate to customers who have no recent history of default.

The aging of these receivables is as follows

1 to 3 months	-	4	-	-
4 to 6 months	-	-	-	-
	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>

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 and GST refunds receivable. For the parent entity these are GST refunds receivable.

d. Foreign exchange and interest rate risk

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

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
10. CURRENT ASSETS - Receivables - continued				
(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 and the parent entity's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 2.				
11. CURRENT ASSETS - Inventories				
Coal stocks at cost	23,782	13,121	-	-
Raw materials and stores at cost	15,275	13,493	3	3
	39,057	26,614	3	3
(a) Inventory expense				
Inventories recognised as an expense during the year ended 31 July 2009 amounted to \$134,897,000 (2008 - \$111,920,000).				
12. CURRENT ASSETS - Held to maturity investments				
Term Deposits	2,486,666	172,293	2,486,666	172,293
	2,486,666	172,293	2,486,666	172,293
The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 6.43%. (2008 - 8.05%). Due to their short-term nature their carrying value is assumed to approximate their fair value. Information about the Group and parent entity's exposure to credit risk is disclosed in note 2.				
13. CURRENT ASSETS - Other				
Prepaid forward overburden and stripping costs	-	1,382	-	-
Security deposits	124	124	2	2
	124	1,506	2	2
14. CURRENT ASSETS - Non current assets classified as held for sale				
New Saraji exploration tenements (note 40)	-	7,139	-	-
	-	7,139	-	-
15. NON-CURRENT ASSETS - Receivables				
Prepayments	3,305	3,820	-	-
Other receivables	1,202	1,217	-	-
	4,507	5,037	-	-

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.

New Hope Corporation Limited and Controlled Entities

**Notes to the financial statements
for the year ended 31st July 2009**

	Consolidated		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
16. NON-CURRENT ASSETS - Available for sale financial assets				
At beginning of year	398,335	319,272	-	-
Additions	8,414	27,457	-	-
Impairment of investment	(2,398)	-	-	-
Revaluation surplus transfer to equity	123,631	51,606	-	-
At end of year	<u>527,982</u>	<u>398,335</u>	<u>-</u>	<u>-</u>
 Listed securities				
Equity securities *	527,982	398,332	-	-
 Unlisted securities				
Equity securities	3	3	-	-
	<u>527,985</u>	<u>398,335</u>	<u>-</u>	<u>-</u>

* Includes the investment in Arrow Energy Limited which at 31 July 2009 was valued at \$525,946,000 (2008 - \$394,356,000).

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

17. NON-CURRENT ASSETS - Other financial assets

a. Unlisted investments

Shares in subsidiaries held at cost

2009	2008	2009	2008
-	-	16,115	16,115
<u>-</u>	<u>-</u>	<u>16,115</u>	<u>16,115</u>

b. At cost are ordinary shares and comprise:

Name of Entity	Country of Incorporation	Class of share	2009 %	Parent Entity			
				2009 \$000	2008 %	2008 \$000	
New Hope Collieries Pty Ltd *	Australia	Ordinary	100	1,448	100	1,448	
Tivoli Collieries Pty Ltd *	Australia	Ordinary	100	806	100	806	
Jeebropilly Collieries Pty Ltd	Australia	Ordinary	100	200	100	200	
Tivoli Coal (Hawaii) Pty Ltd *	Australia	Ordinary	100	1	100	1	
Acland Pastoral Co. Pty Ltd	Australia	Ordinary	100	3,935	100	3,935	
Seven Mile Coal Pty Ltd *	Australia	Ordinary	100	-	100	-	
New Oakleigh Coal Pty Ltd	Australia	Ordinary	100	1	100	1	
New Acland Coal Pty Ltd	Australia	Ordinary	100	9,236	100	9,236	
New Saraji Coal Pty Ltd *	Australia	Ordinary	100	-	100	-	
New Lenton Coal Pty Ltd *	Australia	Ordinary	100	1	100	1	
Andrew Wright Holdings Pty Ltd *	Australia	Ordinary	100	160	100	160	
and its controlled entities - Tetard Holdings Pty Ltd *	Australia	Ordinary	100	-	100	-	
and Queensland Bulk Handling Pty Ltd	Australia	Ordinary	100	-	100	-	
Fowlers Engineering Pty Ltd *	Australia	Ordinary	100	325	100	325	
New Hope Exploration Pty Ltd *	Australia	Ordinary	100	1	100	1	
Arkdale Pty Ltd *	Australia	Ordinary	100	1	100	1	
New Hope Water Pty Ltd *	Australia	Ordinary	100	-	100	-	
New Hope Marketing Pty Ltd *	Australia	Ordinary	100	-	100	-	
Hueridge Pty Ltd *	Australia	Ordinary	100	-	100	-	
				<u>16,115</u>		<u>16,115</u>	

* Entity is a small proprietary company and therefore audited individual accounts have not been prepared.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
18. NON-CURRENT ASSETS - Property, plant and equipment				
Land and buildings - non-mining				
Freehold land at cost	1,049	-	1,049	-
Buildings at cost	5,603	-	5,297	-
Accumulated depreciation	(76)	-	(76)	-
	<u>5,527</u>	<u>-</u>	<u>5,221</u>	<u>-</u>
Total land and buildings - non-mining	<u>6,576</u>	<u>-</u>	<u>6,270</u>	<u>-</u>
Land and buildings - held for mining				
Freehold land at cost	96,251	89,207	-	-
Buildings at cost	4,921	3,687	-	-
Accumulated depreciation	(673)	(356)	-	-
	<u>4,248</u>	<u>3,331</u>	<u>-</u>	<u>-</u>
Total land and buildings - held for mining	<u>100,499</u>	<u>92,538</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Plant and equipment at cost	335,270	297,463	4,265	3,280
Accumulated depreciation	(136,514)	(119,207)	(2,717)	(2,459)
	<u>198,756</u>	<u>178,256</u>	<u>1,548</u>	<u>821</u>
Motor vehicles				
Motor vehicles at cost	4,194	3,457	1,382	1,110
Accumulated depreciation	(1,841)	(1,360)	(550)	(472)
	<u>2,353</u>	<u>2,097</u>	<u>832</u>	<u>638</u>
Mining reserves and leases				
Mining reserves and leases at cost	9,813	9,813	-	-
Accumulated amortisation	(6,366)	(5,736)	-	-
	<u>3,447</u>	<u>4,077</u>	<u>-</u>	<u>-</u>
Mine properties, mine development				
Mine properties, mine development at cost	53,071	43,563	-	-
Accumulated amortisation	(24,027)	(18,640)	-	-
	<u>29,044</u>	<u>24,923</u>	<u>-</u>	<u>-</u>
Plant and equipment under construction	53,683	7,857	264	545
Total Property, plant and equipment	<u>394,358</u>	<u>309,748</u>	<u>8,914</u>	<u>2,004</u>
Reconciliations				
Land and buildings - non-mining				
Carrying amount at beginning of year	-	-	-	-
Additions	6,254	-	6,241	-
Depreciation	(76)	-	(76)	-
Transfers in/(out)	398	-	105	-
Carrying amount at end of year	<u>6,576</u>	<u>-</u>	<u>6,270</u>	<u>-</u>
Land and buildings - held for mining				
Carrying amount at beginning of year	92,538	86,618	-	-
Additions	7,251	6,345	-	-
Disposals	-	(383)	-	-
Depreciation	(62)	(42)	-	-
Transfers in/(out)	772	-	-	-
Carrying amount at end of year	<u>100,499</u>	<u>92,538</u>	<u>-</u>	<u>-</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
18. NON-CURRENT ASSETS - Property, plant and equipment (continued)				
Reconciliations- continued				
Plant and equipment				
Carrying amount at beginning of year	178,256	109,527	821	741
Additions	41,125	13,105	1,200	481
Acquisition of subsidiary	-	72,922	-	-
Disposals	(256)	(145)	(50)	-
Depreciation	(19,607)	(18,768)	(433)	(401)
Transfers in/(out)	(762)	1,615	10	-
Carrying amount at end of year	<u>198,756</u>	<u>178,256</u>	<u>1,548</u>	<u>821</u>
Motor vehicles				
Carrying amount at beginning of year	2,097	1,866	638	660
Additions	1,251	933	557	281
Acquisition of subsidiary	-	116	-	-
Disposals	(148)	(125)	(62)	(30)
Depreciation	(847)	(720)	(301)	(300)
Transfers in/(out)	-	27	-	27
Carrying amount at end of year	<u>2,353</u>	<u>2,097</u>	<u>832</u>	<u>638</u>
Mining reserves and leases				
Carrying amount at beginning of year	4,077	4,812	-	-
Amortisation	(630)	(735)	-	-
Carrying amount at end of year	<u>3,447</u>	<u>4,077</u>	<u>-</u>	<u>-</u>
Mine properties and mine development				
Carrying amount at beginning of year	24,923	19,876	-	-
Additions	8,725	8,872	-	-
Transfers in/(out)	784	181	-	-
Amortisation	(5,388)	(4,006)	-	-
Carrying amount at end of year	<u>29,044</u>	<u>24,923</u>	<u>-</u>	<u>-</u>
Plant and equipment under construction				
Carrying amount at beginning of year	7,857	1,886	545	90
Acquisition of subsidiary	-	964	-	-
Additions	47,038	6,830	64	482
Transfers in/(out)	(1,212)	(1,823)	(115)	(27)
Disposals	-	-	(230)	-
Carrying amount at end of year	<u>53,683</u>	<u>7,857</u>	<u>264</u>	<u>545</u>
19. NON-CURRENT ASSETS - Exploration and evaluation				
Exploration and evaluation at cost	<u>2,572</u>	<u>1,976</u>	<u>-</u>	<u>-</u>
	<u>2,572</u>	<u>1,976</u>	<u>-</u>	<u>-</u>
Reconciliation				
Carrying amount at beginning of year	1,976	-	-	-
Additions	596	9,115	-	-
Transfer to assets held for sale (note 14)	-	(7,139)	-	-
Carrying amount at end of year	<u>2,572</u>	<u>1,976</u>	<u>-</u>	<u>-</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
20. NON-CURRENT ASSETS - Investment property				
Freehold land at cost	35	35	35	35
	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Reconciliation				
Carrying amount at beginning of year	35	35	35	35
Carrying amount at end of year	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
a. Amounts recognised in profit and loss for Investment property				
Rental income	12	69	3	40
Direct operating expenses from income generating properties	(2)	(5)	(1)	(3)
	<u>10</u>	<u>64</u>	<u>2</u>	<u>37</u>
b. Contractual obligations				
There are no contractual obligations to purchase, construct or develop Investment property or for any repairs, maintenance or enhancements.				
21. NON-CURRENT ASSETS - Deferred tax assets				
The balance comprises temporary differences attributed to :				
Amounts recognised in profit and loss				
Accrued expenses	312	369	60	48
Employee benefits	3,152	2,609	508	514
Mine site rehabilitation provision	5,376	4,029	-	-
IPO costs	-	10	-	10
Other	1,130	1,613	140	197
	<u>9,970</u>	<u>8,630</u>	<u>708</u>	<u>769</u>
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions (note 25)	(9,970)	(8,630)	(708)	(658)
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>
Movements				
Carrying amount at beginning of year	8,630	6,183	769	572
Credited / (charged) to the income statement	1,340	2,447	(61)	197
Carrying amount at end of year	<u>9,970</u>	<u>8,630</u>	<u>708</u>	<u>769</u>
Deferred tax assets to be recovered after more than 12 months	9,343	7,532	597	660
Deferred tax assets to be recovered within 12 months	627	1,098	111	109
	<u>9,970</u>	<u>8,630</u>	<u>708</u>	<u>769</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
22. NON-CURRENT ASSETS - Intangibles				
Software				
Software at cost *	6,475	6,028	5,862	5,528
Accumulated amortisation	(3,618)	(1,610)	(3,117)	(1,163)
	<u>2,857</u>	<u>4,418</u>	<u>2,745</u>	<u>4,365</u>
Goodwill				
Goodwill at cost	5,596	5,596	-	-
Accumulated impairment losses	-	-	-	-
	<u>5,596</u>	<u>5,596</u>	<u>-</u>	<u>-</u>
Total Intangibles	<u>8,453</u>	<u>10,014</u>	<u>2,745</u>	<u>4,365</u>

Reconciliation

Software *				
Carrying amount at beginning of year	4,418	3,090	4,365	3,059
Additions	438	2,056	364	2,018
Disposals	(7)	-	(7)	-
Transfers in/(out)	20	-	-	-
Amortisation **	(2,012)	(728)	(1,977)	(712)
Carrying amount at end of year	<u>2,857</u>	<u>4,418</u>	<u>2,745</u>	<u>4,365</u>

* Software includes capitalised development costs, being an intangible asset.

** Amortisation is included in cost of sales in the income statement.

Goodwill				
Carrying amount at beginning of year	5,596	-	-	-
Acquisition of subsidiary	-	5,596	-	-
Carrying amount at end of year	<u>5,596</u>	<u>5,596</u>	<u>-</u>	<u>-</u>

Goodwill relates to the acquisition of a subsidiary from an independent third party in an arms length transaction based on the market value for the entity as at the date of acquisition. Since that date there have been no adverse movements in the key assumptions used in that market value, namely expected future throughput and revenues, and anticipated asset life.

23. CURRENT LIABILITIES - Accounts payable

Trade payables and accruals	35,724	18,739	11,073	6,663
Employee entitlements	9,608	7,911	1,086	1,061
	<u>45,332</u>	<u>26,650</u>	<u>12,159</u>	<u>7,724</u>

24. CURRENT LIABILITIES - Borrowings

Current				
Loans from controlled entities - unsecured	-	-	2,507,870	59,668
	<u>-</u>	<u>-</u>	<u>2,507,870</u>	<u>59,668</u>

a. Loans from controlled entities - unsecured

Loans from controlled entities have no fixed term of repayment and bear no interest. Loans are expected to be settled within 12 months and their fair value is assumed to approximate carrying value.

New Hope Corporation Limited and Controlled Entities

**Notes to the financial statements
for the year ended 31st July 2009**

24. CURRENT LIABILITIES - Borrowings - continued	Consolidated		Parent Entity	
	2009	2008	2009	2008
b. Financing arrangements	\$000	\$000	\$000	\$000
Unrestricted access was available at balance date to the following lines of credit:				
Total facilities				
Other facilities (i)	44,247	39,606	44,247	39,606
	<u>44,247</u>	<u>39,606</u>	<u>44,247</u>	<u>39,606</u>
Used at balance date				
Other facilities	28,219	28,625	28,219	28,625
	<u>28,219</u>	<u>28,625</u>	<u>28,219</u>	<u>28,625</u>
Unused at balance date				
Other facilities	16,028	10,981	16,028	10,981
	<u>16,028</u>	<u>10,981</u>	<u>16,028</u>	<u>10,981</u>
(i) Other facilities are only in relation to bank guarantees, are unsecured, for no fixed term and bear variable rates.				
c. Guarantees				
The parent entity has given unsecured guarantees in respect of:				
(i) Mining restoration and rehabilitation	13,747	13,738	13,747	13,738
The liability has been recognised by the consolidated entity in relation to its rehabilitation obligations. See note 26, note 27 and note 1(ab).				
(ii) Statutory body suppliers	14,470	14,887	14,470	14,887
No liability was recognised by the parent entity or consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.				
25. NON-CURRENT LIABILITIES - Deferred tax liabilities				
The balance comprises temporary differences attributed to:				
Amounts recognised in profit and loss				
Other accounts receivable	39,156	1,302	38,750	549
Inventories	4,410	3,934	-	-
Property plant and equipment	10,044	8,012	388	130
Mine reserves	1,034	1,223	-	-
Other	489	311	4	-
	<u>55,133</u>	<u>14,782</u>	<u>39,142</u>	<u>679</u>
Amounts recognised directly in equity				
Cash flow hedges	6,805	4,641	-	(21)
Property plant and equipment	7,160	7,160	-	-
Available for sale financial assets	121,990	84,963	-	-
	<u>191,088</u>	<u>111,546</u>	<u>39,142</u>	<u>658</u>
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions (note 21)				
Net deferred tax liabilities	(9,970)	(8,630)	(708)	(658)
	<u>181,118</u>	<u>102,916</u>	<u>38,434</u>	<u>-</u>
Carrying amount at beginning of year	111,546	80,494	658	170
Charged / (credited) to the income statement	40,351	7,513	38,463	509
Charged / (credited) to equity	39,191	23,539	21	(21)
Carrying amount at end of year	<u>191,088</u>	<u>111,546</u>	<u>39,142</u>	<u>658</u>
Deferred tax liabilities to be settled after more than 12 months	147,522	106,310	392	109
Deferred tax liabilities to be settled within 12 months	43,566	5,236	38,750	549
	<u>191,088</u>	<u>111,546</u>	<u>39,142</u>	<u>658</u>

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
26. CURRENT LIABILITIES - Provisions				
Employee benefits	5,158	3,347	530	570
Mining restoration and rehabilitation (note 1(ab))	2,453	2,453	-	-
	<u>7,611</u>	<u>5,800</u>	<u>530</u>	<u>570</u>
a. Mining restoration and rehabilitation				
Current	2,453	2,453	-	-
Non-current	15,466	10,978	-	-
	<u>17,919</u>	<u>13,431</u>	<u>-</u>	<u>-</u>
Movements				
Carrying amount at beginning of year	13,431	12,304	-	-
Additional provision recognised	4,488	1,127	-	-
Carrying amount at end of year	<u>17,919</u>	<u>13,431</u>	<u>-</u>	<u>-</u>
b. Amounts not expected to be settled within the next 12 months				
Long service leave obligations expected to be settled after 12 months	<u>4,642</u>	<u>3,012</u>	<u>477</u>	<u>513</u>

The current provision for long service leave includes 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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
27. NON-CURRENT LIABILITIES - Provisions				
Employee benefits	1,347	1,367	77	83
Mining restoration and rehabilitation (note 1(ab))	15,466	10,978	-	-
	<u>16,813</u>	<u>12,345</u>	<u>77</u>	<u>83</u>

28. 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 2009 there were 13,718,000 (2008 - 21,737,119) 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 39.

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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

		Parent Entity 2009		Parent Entity 2008	
		No. of shares	\$000	No. of shares	\$000
28. CONTRIBUTED EQUITY (continued)					
c. Share Capital					
Issued and paid up capital		<u>816,512,549</u>	<u>63,427</u>	<u>808,634,679</u>	<u>48,922</u>
d. Movements in share capital					
Date	Details	Number of Shares	Issue Price	\$000	
1 August 2007	Opening Balance	808,378,603		48,834	
31 August 2007	Exercise of ordinary options	6,794	\$0.35000	2	
30 September 2007	Exercise of ordinary options	1,000	\$0.35000	-	
31 October 2007	Exercise of ordinary options	101,525	\$0.35000	36	
30 November 2007	Exercise of ordinary options	101,063	\$0.35000	35	
31 December 2007	Exercise of ordinary options	1,163	\$0.35000	-	
31 January 2008	Exercise of ordinary options	4,698	\$0.35000	2	
29 February 2008	Exercise of ordinary options	4,036	\$0.35000	1	
31 March 2008	Exercise of ordinary options	7,000	\$0.35000	2	
30 April 2008	Exercise of ordinary options	4,862	\$0.35000	2	
31 May 2008	Exercise of ordinary options	4,305	\$0.35000	1	
30 June 2008	Exercise of ordinary options	9,577	\$0.35000	3	
31 July 2008	Exercise of ordinary options	<u>10,053</u>	\$0.35000	<u>4</u>	
31 July 2008	Balance	<u>808,634,679</u>		<u>48,922</u>	
18 September 2008	Exercise of ordinary options	471,548	\$0.35000	165	
18 September 2008	Exercise of ordinary options	259,479	\$0.35000	91	
26 September 2008	Exercise of ordinary options	64,843	\$0.35000	23	
18 September 2008	Exercise of management options	200,000	\$1.19800	240	
14 October 2008	Exercise of management options	237,500	\$1.19800	284	
13 January 2009	Exercise of management options	250,000	\$1.23500	309	
14 January 2009	Exercise of management options	1,500,000	\$1.23500	1,853	
30 January 2009	Exercise of management options	250,000	\$1.23500	309	
10 February 2009	Exercise of management options	170,000	\$1.23500	210	
17 February 2009	Exercise of management options	150,000	\$1.23500	185	
31 March 2009	Exercise of management options	350,000	\$1.23500	432	
3 April 2009	Exercise of management options	290,000	\$1.23500	358	
7 April 2009	Exercise of management options	400,000	\$1.23500	494	
17 April 2009	Exercise of management options	87,500	\$1.19800	105	
17 April 2009	Exercise of management options	510,000	\$1.23500	630	
17 April 2009	Exercise of management options	312,000	\$1.23500	385	
24 April 2009	Exercise of management options	150,000	\$1.23500	185	
5 May 2009	Exercise of management options	50,000	\$1.23500	62	
8 July 2009	Exercise of management options	90,000	\$1.23500	111	
8 July 2009	Exercise of management options	275,000	\$1.19800	329	
28 July 2009	Exercise of management options	300,000	\$1.23500	370	
28 July 2009	Exercise of management options	600,000	\$1.23500	741	
29 July 2009	Exercise of management options	910,000	\$1.23500	1,124	
31 July 2009	Transfer of ESOP reserve to Equity			5,510	
31 July 2009	Balance	<u>816,512,549</u>		<u>63,427</u>	

e. Capital risk management

The Group's and the parent entity'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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

29. RESERVES	Consolidated		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
a. Reserves				
Capital profits	1,343	1,343	-	-
Capital redemption	2,800	2,800	2,800	2,800
Available-for-sale investments revaluation	284,851	198,247	-	-
Property, plant and equipment revaluation	27,412	27,412	-	-
Hedging	15,877	10,778	-	(50)
Share-based payments	5,175	9,075	5,175	9,075
	<u>337,458</u>	<u>249,655</u>	<u>7,975</u>	<u>11,825</u>
Movements				
Capital profits				
Carrying amount at beginning of year	1,343	1,343	-	-
Carrying amount at end of year	<u>1,343</u>	<u>1,343</u>	<u>-</u>	<u>-</u>
Capital redemption				
Carrying amount at beginning of year	2,800	2,800	2,800	2,800
Carrying amount at end of year	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>
Available-for-sale investments revaluation				
Carrying amount at beginning of year	198,247	162,123	-	-
Revaluation - gross	123,720	51,606	-	-
Revaluation - deferred tax	(37,116)	(15,482)	-	-
Carrying amount at end of year	<u>284,851</u>	<u>198,247</u>	<u>-</u>	<u>-</u>
Property, plant and equipment revaluation				
Carrying amount at beginning of year	27,412	-	-	-
Step acquisition accounting for subsidiary	-	34,572	-	-
Revaluation - deferred tax	-	(7,160)	-	-
Carrying amount at end of year	<u>27,412</u>	<u>27,412</u>	<u>-</u>	<u>-</u>
Hedging				
Carrying amount at beginning of year	10,778	8,738	(50)	-
Transfer to net profit - gross	40,588	(14,263)	-	-
Transfer to net profit - deferred tax	(12,176)	4,279	-	-
Revaluation - gross	(33,304)	17,177	71	(71)
Revaluation - deferred tax	9,991	(5,153)	(21)	21
Carrying amount at end of year	<u>15,877</u>	<u>10,778</u>	<u>-</u>	<u>(50)</u>
Share-based payment				
Carrying amount at beginning of year	9,075	6,353	9,075	6,353
Option expense	1,610	2,722	1,610	2,722
Transfer to contributed equity	(5,510)	-	(5,510)	-
Carrying amount at end of year	<u>5,175</u>	<u>9,075</u>	<u>5,175</u>	<u>9,075</u>

Nature and purpose of reserves

Capital profits

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

Capital redemption

This reserve represents amounts allocated from retained profits that were preserved for capital redemption.

Available-for-sale investments revaluation

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

Property, plant and equipment revaluation

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

New Hope Corporation Limited and Controlled Entities

**Notes to the financial statements
for the year ended 31st July 2009**

29. RESERVES - continued

Nature and purpose of reserves- continued

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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
b. Retained profits				
Carrying amount at beginning of year	529,030	501,007	318,195	378,848
Net profit after income tax	1,950,392	90,684	288,187	2,008
Dividends paid (note 8)	(131,809)	(62,661)	(131,809)	(62,661)
Carrying amount at end of year	2,347,613	529,030	474,573	318,195

30. CONTINGENT LIABILITIES

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

	2009	2008
	\$000	\$000

Controlled entities

The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Environment and Resource Management, Statutory Power Authorities and various other entities

	14,528	14,887
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No losses are anticipated in respect of any of the above contingent liabilities.

31. COMMITMENTS

a. Capital commitments

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

Property plant and equipment

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Within 1 year	51,408	17,185	565	4,416
Within 2 - 5 years	-	-	-	-
After 5 years	-	-	-	-
	51,408	17,185	565	4,416

b. Lease commitments: Group as lessee

(i) Non-cancellable operating leases

The Group leases its offices and 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:

Within one year	2,496	1,603	-	99
Later than one year but not later than five years	12,423	11,453	-	-
Later than five years	53,001	60,166	-	-
	67,920	73,222	-	99

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

32. 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 - appointed a Director on 14 November 2008

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 & Chief Financial Officer	New Hope Corporation Limited
Mr P.K. Mantell (2)	Chief Financial Officer and Company Secretary	New Hope Corporation Limited
Mr B.J. Garland	General Manager - Resource Development	New Hope Corporation Limited
Mr D. Brown-Kenyon	General Manager - Corporate Development & Government Relations	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

(1) Mr Bailey was appointed acting Chief Financial Officer with effect 16 March 2009

(2) Mr Mantell resigned with effect 16 March 2009

c. Key management personnel compensation	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	7,155,910	3,224,510	7,155,910	3,224,510
Long-term employee benefits	26,048	19,929	26,048	19,929
Post employment benefits	124,432	113,695	124,432	113,695
Termination benefits	202,201	-	202,201	-
Share based payment	1,017,510	1,408,495	1,017,510	1,408,495
	<u>8,526,101</u>	<u>4,766,629</u>	<u>8,526,101</u>	<u>4,766,629</u>

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

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.

New Hope Corporation Limited and Controlled Entities

**Notes to the financial statements
for the year ended 31st July 2009**

32. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

(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 - 2009						
Mr R.D. Millner	-	-	-	-	-	-
Mr P.R. Robinson	-	-	-	-	-	-
Mr D.J. Fairfull	1,000	-	-	(1,000)	-	-
Mr D.C. Williamson	-	-	-	-	-	-
Mr W.H. Grant	-	-	-	-	-	-
Mr R.C. Neale	2,000,000	-	-	-	2,000,000	2,000,000
Other key management personnel of the group - 2009						
Mr M.L. Bailey	1,500,000	-	-	-	1,500,000	-
Mr P.K. Mantell	1,500,000	-	-	(1,500,000)	-	-
Mr B.J. Garland	1,000,000	-	-	-	1,000,000	-
Mr D. Brown-Kenyon	1,250,000	-	-	-	1,250,000	1,250,000
Mr C.C. Hopkins	1,250,000	-	-	-	1,250,000	1,250,000
Mr C.W. Easton	1,000,000	-	-	-	1,000,000	500,000
Directors of New Hope Corporation Ltd - 2008						
Mr R.D. Millner	-	-	-	-	-	-
Mr P.R. Robinson	-	-	-	-	-	-
Mr D.J. Fairfull	1,000	-	-	-	1,000	1,000
Mr D.C. Williamson	-	-	-	-	-	-
Mr W.H. Grant	-	-	-	-	-	-
Other key management personnel of the group - 2008						
Mr R.C. Neale	2,000,000	-	-	-	2,000,000	-
Mr M.L. Bailey	-	1,500,000	-	-	1,500,000	-
Mr P.K. Mantell	1,500,000	-	-	-	1,500,000	-
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	-

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

32. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

d. Equity instrument disclosures relating to key management personnel

(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		Closing balance
			Received from options exercised	Other	
Directors of New Hope Corporation Ltd - 2009					
Mr R.D. Millner	3,190,573	380,000	-	-	3,570,573
Mr P.R. Robinson	57,357	10,090	-	-	67,447
Mr D.J. Fairfull	10,000	-	1,000	-	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	-	-	-	1,005,500
Other key management personnel of the group - 2009					
Mr M.L. Bailey	-	-	-	-	-
Mr P.K. Mantell	927,500	-	1,500,000	-	2,427,500
Mr B.J. Garland	-	-	-	-	-
Mr D. Brown-Kenyon	850,000	-	-	-	850,000
Mr C.C. Hopkins	-	-	-	-	-
Mr C.W. Easton	-	-	-	-	-
Directors of New Hope Corporation Ltd - 2008					
Mr R.D. Millner	2,540,573	650,000	-	-	3,190,573
Mr P.R. Robinson	57,357	-	-	-	57,357
Mr D.J. Fairfull	10,000	-	-	-	10,000
Mr D.C. Williamson	20,000	-	-	-	20,000
Mr W.H. Grant	-	20,000	-	-	20,000
Other key management personnel - 2008					
Mr R.C. Neale	1,205,500	(200,000)	-	-	1,005,500
Mr M.L. Bailey	-	-	-	-	-
Mr P.K. Mantell	1,103,000	(175,500)	-	-	927,500
Mr B.J. Garland	-	-	-	-	-
Mr D. Brown-Kenyon	850,000	-	-	-	850,000
Mr C.C. Hopkins	-	-	-	-	-
Mr C.W. Easton	-	-	-	-	-

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

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 2009 and 2008 financial year. All transactions are based on normal commercial terms and conditions.

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 based on normal commercial terms and conditions.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

32. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

e. Other transactions of key management personnel (continued)

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Legal advice	920,771	686,636	738,102	419,371
Financial advice fees paid	31,900,000	552,170	31,900,000	552,170

f. Loans to key management personnel

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

33. 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 2009 owned 60.71% (2008 - 61.18%) of the issued ordinary shares of New Hope Corporation Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 17.

c. Key management personnel

Disclosures relating to key management personnel are set out in note 32.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
d. Transactions with related parties				
Sale of goods and services				
Management and supervision fees - subsidiaries	-	-	9,295,454	9,680,192
Financial services - subsidiaries	-	-	72,000	72,000
Tax consolidation legislation				
Current tax payable assumed from tax consolidated entities	-	-	794,488,643	37,342,372
Tax losses assumed from tax consolidated entities	-	-	(2,716,446)	(2,988,756)
Dividend revenue				
Subsidiaries	-	-	184,102,770	-
Other transactions				
Dividends paid to ultimate Australian controlling entity (WHSP)	80,435,668	38,283,972	80,435,668	38,283,972

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

No provisions for doubtful debts have been raised to any outstanding balances. A bad debts expense of \$436,699 (2008 - \$ 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.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
33. RELATED PARTIES (continued)				
f. Loans to / from related parties				
Loans to subsidiaries				
Beginning of year	-	-	264,389,510	226,180,000
Loans advanced	-	-	848,654,458	153,147,344
Loan repayments received	-	-	(984,562)	(114,937,834)
Bad debts written off	-	-	(436,699)	-
End of year	-	-	1,111,622,707	264,389,510
Loans to other related parties				
Beginning of year	-	667,248	-	-
Loan repayments received	-	(667,248)	-	-
End of year	-	-	-	-
Loans from subsidiaries				
Beginning of year	-	-	59,668,494	49,508,000
Loans advanced	-	-	2,465,304,662	235,272,400
Loan repayments received	-	-	(17,103,197)	(225,111,906)
End of year	-	-	2,507,869,959	59,668,494

g. Terms and conditions

The terms and conditions of the tax funding agreement are set out in note 7.

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

All other transactions were made on normal commercial terms and conditions and at market rates, except that there were no fixed terms for the repayment of loans between parties. These loans are non-interest bearing.

Outstanding balances are unsecured and are repayable in cash.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
34. REMUNERATION OF AUDITORS				
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
a. Audit services				
PricewaterhouseCoopers Australian firm for audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	250,033	300,791	250,033	300,791
Total remuneration for audit services	250,033	300,791	250,033	300,791
b. Other services				
PricewaterhouseCoopers Australian firm				
Transaction advisory services	833,922	289,544	733,841	241,904
General advisory services	73,311	145,539	69,222	145,539
Tax compliance services	311,150	153,731	308,660	153,731
Research and development compliance services	207,783	127,137	207,783	127,137
Total remuneration for other services	1,426,166	715,951	1,319,506	668,311

35. FINANCIAL REPORTING BY SEGMENTS

During the year the Company operated substantially in one industry segment being coal mining and support activities, and one geographical segment of Queensland, Australia.

Australian sales to external customers includes coal sales to the Asia-Pacific region which originated from Australian companies. For the year ended 31 July 2009 this amounted to \$442,407,764 (2008 \$243,914,065).

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements
for the year ended 31st July 2009

36. RECONCILIATION OF NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Profit after income tax	1,950,392	90,684	288,187	2,008
Depreciation and amortisation	28,622	25,000	2,787	1,412
Non-cash employee benefit expense - share based payments	1,610	2,722	1,610	2,722
Dividend received (non-cash)	-	-	(184,103)	-
Impairment costs of held-for-sale assets	2,398	-	-	-
Net foreign exchange (gain) / loss	3,686	935	3,686	935
Net (profit) / loss on sale of non-current assets	(2,411,177)	(540)	16	(11)
Investment interest income	(159,951)	(12,628)	(159,812)	(12,394)
Interest , guarantee, management fees and debt forgiveness	(6)	(11)	(8,931)	(9,710)
Exploration and evaluation expenses	7,693	1,376	-	-
Income taxes paid	(53,937)	(26,836)	(53,937)	(26,836)
Income tax expense in accounts	821,722	38,045	29,486	(1,168)
Changes in operating assets and liabilities				
(Increase) / decrease in debtors	(3,775)	(11,822)	(1,320)	859
Increase / (decrease) in creditors and employee entitlements	18,682	8,574	4,333	6,244
(Increase) / decrease in other receivables	15	(3)	-	-
(Increase) / decrease in forward overburden and stripping costs	1,382	(1,316)	-	-
(Increase) / decrease in inventories	(12,443)	(7,748)	-	(3)
Increase / (decrease) in provisions	6,279	1,127	(46)	-
(Increase) / decrease in prepayments	439	(4,914)	(135)	(78)
Net cash provided by operating activities	201,631	102,645	(78,179)	(36,020)

37. EARNINGS PER SHARE	Earnings per share (cents)	
	2009	2008
a. Basic earnings per share from continuing operations attributable to ordinary equity holders of the Company	240.3	11.2
b. Diluted earnings per share from continuing operations attributable to ordinary equity holders of the Company	236.7	11.0
	Basic and Diluted	
	2009	2008
	\$000	\$000
c. Reconciliation of adjusted profits		
Profit from continuing operations attributable to the ordinary equity holders of the Company	1,950,392	90,684
	Consolidated	
	2009	2008
d. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares (basic)	811,614,188	808,539,516
Options	12,210,042	12,147,440
Weighted average number of ordinary shares (diluted)	<u>823,824,230</u>	<u>820,686,956</u>

- 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 39.

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

38. DERIVATIVE FINANCIAL INSTRUMENTS	Consolidated		Parent Entity	
	2009	2008	2009	2008
CURRENT ASSETS	\$000	\$000	\$000	\$000
Forward foreign exchange contracts	14,525	8,363	-	-
NON-CURRENT ASSETS				
Forward foreign exchange contracts	8,157	7,106	-	-
CURRENT LIABILITIES				
Forward foreign exchange contracts	-	71	-	71

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 \$22,682,000 (2008 - \$15,398,000).

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

Sell US Dollars	Buy Australian Dollars		Average exchange rate	
	2009	2008	2009	2008
Maturity	\$000	\$000		
0 to 6 months	88,109	76,404	0.74907	0.87692
6 to 12 months	89,879	90,962	0.74545	0.86849
1 to 2 years	76,396	33,934	0.74611	0.79566
2 to 5 years	91,878	50,601	0.72922	0.79051
	346,262	251,901		
Buy Japanese Yen				
Maturity	Sell Australian Dollars		Average exchange rate	
	2009	2008	2009	2008
	\$000	\$000		
0 to 6 months	-	5,908	-	98.5042
beyond 6 months	-	-	-	-
	-	5,908		

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 \$346,262,000 (2008 - \$251,901,000) was receivable (AUD equivalents).

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

39. 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 \$1,610,000 (2008 - \$2,722,449).

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

Consolidated and parent entity - 2009

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
31 Aug 2005	30 Aug 2010	\$1.198 *	800,000	-	(800,000)	-	-	-
3 Jan 2006	2 Jan 2011	\$1.235	15,500,000	-	(6,282,000)	-	9,218,000	9,218,000
8 May 2006	7 May 2011	\$1.288	500,000	-	-	-	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			20,800,000	-	(7,082,000)	-	13,718,000	9,718,000
Weighted average exercise price			1.3509		1.2308		1.4128	1.2377

The weighted average share price at the date of exercise of options exercised during the 2009 year was \$4.01 (2008 - nil).

Consolidated and parent entity - 2008

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
31 Aug 2005	30 Aug 2010	\$1.198 *	800,000	-	-	-	800,000	-
3 Jan 2006	2 Jan 2011	\$1.235	15,500,000	-	-	-	15,500,000	-
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			18,300,000	2,500,000	-	-	20,800,000	-
Weighted average exercise price			1.2480	2.1040			1.3509	

* In accordance with ASX guidelines, the option exercise price was reduced by 10 cents following the return of capital paid to shareholders on 16 December 2005. These prices are current exercise prices.

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.8 years (2008 - 0.7 years).

New Hope Corporation Limited and Controlled Entities

Notes to the financial statements for the year ended 31st July 2009

39. SHARE-BASED PAYMENTS (continued)

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
31 Aug 2005	30 Aug 2010	\$1.198	\$1.350	38.7%	4.6%	4.9%	\$0.372
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 NHC since its listing in 2003. There are no market related vesting conditions. Expenses arising from share based payment transactions are included in "Other costs" in the Income Statement.

40. SALE OF THE NEW SARAJI PROJECT

Settlement of the sale of the New Saraji Project to BHP Billiton Mitsubishi Alliance was completed on 10 September 2008. Details of the sale are as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Consideration received	2,450,000	-	-	-
Carrying value of assets disposed	(8,978)	-	-	-
Costs of disposal	(29,670)	-	-	-
Tax on disposal	(723,266)	-	-	-
Gain on sale after tax	1,688,086	-	-	-

41. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On September 8, 2009 New Hope Corporation Limited, through its wholly owned subsidiary Hueridge Pty Ltd, acquired a 13% interest in Planet Gas Limited. New Hope acquired 17,469,151 shares for a total consideration of \$4,509,569. The Directors of Planet Gas have accepted the nomination of Mr Robert Neale to its Board of Directors.

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 63 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 Company's and consolidated entity's financial position as at 31 July 2009 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

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
21 September 2009

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 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both New Hope Corporation Limited and 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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

Auditor's responsibility (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 company's and consolidated entity's financial position as at 31 July 2009 and of their 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 consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in Note1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the period ended 31 July 2009. 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 period ended 31 July 2009, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of New Hope Corporation Limited (the company) for the year ended 31 July 2009 included on New Hope Corporation Limited's web site. The company's directors are responsible for the integrity of the New Hope Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

M. Linz
Partner

Sydney
21 September 2009

New Hope Corporation Limited
Shareholder Information as at 17 September 2009

As at 17 September 2009 there were 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 optionholders	Ordinary options
1 - 1,000	2,230	1,172,367	-	-
1,001 - 5,000	3,293	9,718,288	-	-
5,001 - 10,000	2,143	14,596,461	-	-
10,001 - 100,000	1,219	32,817,169	-	-
100,001 and over	102	760,108,264	14	11,818,000
	<u>8,987</u>	<u>818,412,549</u>	<u>14</u>	<u>11,818,000</u>
Holding less than a marketable parcel	241	7,115		

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	493,696,418	60.32%
Mitsubishi Materials Corporation	91,490,000	11.18%
Perpetual Limited and subsidiaries	57,175,245	6.99%

20 largest shareholders as disclosed on the share register as at 18 September 2009

1	Washington H Soul Pattinson And Company Limited	495,696,418	60.57%
2	Mitsubishi Materials Corporation	91,990,000	11.24%
3	JP Morgan Nominees Australia Limited	26,706,027	3.26%
4	RBC Dexia Investor Services Australia Nominees Pty Limited (PIPOOLED A/c)	24,277,430	2.97%
5	Domer Mining Co Pty Ltd	22,000,000	2.69%
6	Farjoy Pty Ltd	15,150,000	1.85%
7	Brickworks Investment Company Limited	14,760,452	1.80%
8	National Nominees Limited	10,466,074	1.28%
9	Taiheiyu Kouhatsu Inc	6,654,000	0.81%
10	UBS Nominees Pty Ltd	5,842,091	0.71%
11	Citicorp Nominees Pty Limited	5,482,748	0.67%
12	RBC Dexia Investor Services Australia Nominees Pty Limited (PIIC A/c)	4,321,853	0.53%
13	HSBC Custody Nominees (Australia) Limited	4,160,885	0.51%
14	JS Millner Holdings Pty Limited	1,909,197	0.23%
15	Cogent Nominees Pty limited	1,779,041	0.22%
16	RBC Dexia Investor Services Australia Nominees Pty Limited (PISELECT A/c)	1,508,628	0.18%
17	Dixson Trust Pty Limited	1,225,596	0.15%
18	Mr Terence Peter Walsh	1,100,000	0.13%
19	Pacific Custodians Pty Limited (New Hope Employee S/P A/c)	1,072,000	0.13%
20	Citicorp Nominees Pty Limited (CFS WSLE 452 Aust Share A/c)	1,071,812	0.13%
		<u>737,174,252</u>	<u>90.06%</u>

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	11,818,000	14