

Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we [name of 'shareholder']

of

..... [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) [HIN or SRN]

in respect of any holding of the shareholder's New Hope Corporation Ltd ('NHC' or 'the company') ordinary fully paid shares;

hereby give notice (in accord with sections 249N & P of the CA) to the company of: the following resolutions (1: Amendment to the Constitution, 2: Capital Protection) the shareholder proposes to move at a general meeting of the company; and request (in accordance with section 249P) that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

..... (Signature of individual Shareholder [†] /company director) (Signature of second shareholder in a joint holding/for a company second director or company secretary)
--	--

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution

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

Resolution 2 – Capital Protection

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

This information should include:

- Details of how the company's capital expenditure will facilitate the efficient managing down of coal operations and assets;

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

(New Hope Corporation Limited's Notice of 2021 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)

Supporting Statement 1

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

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

In some situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

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

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

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

We encourage shareholders to vote in favour of this resolution.

Supporting statement 2

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

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

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

The likelihood of these risks materialising is rapidly increasing, with countries representing over 50% of the global economy - including the majority of NHC's current markets - having already committed to net zero emissions by 2050.³

This resolution is in the best interests of shareholders and the company, as it requests NHC to explain how its capital expenditure and operations will be managed in a way that minimises stranded asset risk as the world moves to meet its climate commitments.

Markets Disappearing

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

NZE2050 models total global coal supply falling by almost 90% – from 154EJ in 2020, to just 17EJ in 2050.⁵ Under NZE2050:⁶

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

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

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

Unrealistic Growth Predictions

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

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

⁴ https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Sustainability-Report_2020.pdf, 23

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

⁶ Ibid 20

⁷ https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report_2020.pdf, 65

⁸ <https://www.reuters.com/article/japan-politics-suga-idUSL4N2HE2HS>;

<https://www.reuters.com/article/us-southkora-environment-greennewdeal-idUSKBN27D1DU>

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

¹⁰

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

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

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

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

The pipeline of proposed coal power capacity in Southeast Asia halved from 2015 to 2019, while construction starts fell 85% from 2016 to 2019.¹⁵ Global coal plant capacity additions halved between 2015 and 2020, with a steeper decline in the first half of 2021.¹⁶

Japan is planning to close around 100 of its 140 coal-fired power plants by 2030¹⁷ and cancelling plans for any new coal power stations.¹⁸

Increasing Stranded Asset Risk

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

NHC has expanded through acquisition of a 40% stake in the Bengalla project for AU\$865 million in FY16, and a further 40% for AU\$860 million in FY19. Bengalla has approval to produce up to 15Mtpa of run-of-mine (ROM) coal out to 2039.¹⁹ Meanwhile, the AU\$900 million New Acland Stage 3 project would expand that mine's production capacity to 7.5Mtpa ROM, and extend its production life by 12 years.²⁰

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

Capital Preservation

¹² https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report_2020.pdf, 4-5

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

¹⁴ Ibid

¹⁵ https://endcoal.org/wp-content/uploads/2020/03/BoomAndBust_2020_English.pdf

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

¹⁷

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

¹⁸

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

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

²⁰

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

²¹ https://dq4q35go95sg8.cloudfront.net/wp-content/uploads/NHG-Annual-Report_2020.pdf, 21

²² Ibid 16

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

In NZE2050, steam coal import prices are modelled to fall to US\$57/t in Japan by 2030, and continue to fall thereafter.²⁴ While thermal coal prices have temporarily spiked in recent months, many commentators recognise the sector is in terminal decline.²⁵

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

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

²³ Ibid 2

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

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

²⁶ Refinitiv Eikon, Total Return: 13-Jul-2011 to 13-Jul-2021