

**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 <sup>†</sup> /company director)	..... (Signature of second shareholder in a joint holding/for a company second director or company secretary)
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† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

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**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 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 assets consistent with a net zero emissions by 2050 global energy scenario;
- 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 and provisions for supporting staff to transition to future employment following coal asset closures; and
- Details of how remaining returns from the company's coal assets will be redeployed or returned to investors.

*(New Hope Corporation Limited's Notice of 2022 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)*

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### **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 or performance of the board is to seek to remove directors individually. However in many situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings 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. This is contrary to the long-term interests of NHC, its board and 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**

To “help deliver the goals of the Paris Agreement”, and recognising the unacceptable financial risks posed by global warming, investors with more than US\$61.3 trillion in assets under management have committed to the goal of net zero greenhouse gas emissions by 2050 or sooner.<sup>1</sup>

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

The rapid transition required to meet this goal presents existential financial risks to 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.<sup>2</sup>

The likelihood of these risks materialising is rapidly increasing, with more than 70 countries representing approximately 76% of global emissions - including the vast majority of NHC's current markets - having already set a net zero emissions target.<sup>3</sup>

NHC is pursuing the ~AU\$1 billion New Acland Stage 3 expansion project<sup>4</sup> and is continuing further coal exploration despite overwhelming scientific evidence demonstrating new or expanded coal mines are incompatible with the climate goals of the Paris Agreement.<sup>5</sup>

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

### Markets Disappearing

NHC uses Wood Mackenzie's "base case" scenario to suggest there is an emerging supply gap in the global seaborne coal market.<sup>6</sup> This scenario sees demand staying mostly flat this decade, whereas NZE2050 shows global coal trade must fall more than half by 2030.

NZE2050 models:<sup>7</sup>

- Unabated coal demand falling by over 98% by 2050;
- Unabated coal power phased out in developed economies by 2030 and globally by 2040;
- "No new coal mines or mine extensions are required"; and
- "Demand for coking coal falls at a slightly slower rate than for steam coal, but existing sources of production are sufficient to cover demand through to 2050".

Any further investment to expand or extend coal production therefore faces stranding under NZE2050.

National net zero commitments indicate NHC's current major export markets are set to rapidly shrink. Representing over over 80% of NHC's FY21 revenue,<sup>8</sup> Japan, Korea, Taiwan, Australia and Chile have committed to achieving net zero emissions by 2050.<sup>9</sup>

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

<sup>3</sup> <https://www.un.org/en/climatechange/net-zero-coalition>

<sup>4</sup>

<https://eisdocs.dsdip.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

<sup>5</sup> <https://www.iea.org/reports/net-zero-by-2050>; <https://productiongap.org/2021report/>;  
<https://www.ipcc.ch/assessment-report/ar6/>

<sup>6</sup>

<https://newhopegroup.com.au/wp-content/uploads/J0959-NHG-Sustainability-Report-WEB-FINAL.pdf>

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<sup>7</sup> <https://www.iea.org/reports/net-zero-by-2050>

<sup>8</sup> <https://newhopegroup.com.au/wp-content/uploads/2021-Annual-Report.pdf> 51

<sup>9</sup> <https://mainichi.jp/english/articles/20210601/p2a/00m/0op/014000c>;

<https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/energy-transition/090221>

NHC predicts future demand to be underpinned by coal-fired power generation across Asia.<sup>10</sup> 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.<sup>11</sup> 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 this year and ASEAN countries by 2024.<sup>12</sup>

The pipeline of proposed coal power capacity in Southeast Asia more than halved from 2015 to 2021.<sup>13</sup> Global coal plant capacity additions fell by 57% over the same period.<sup>14</sup>

Japan is planning to close around 100 of its 140 coal-fired power plants by 2030<sup>15</sup> and has cancelled plans for any new coal power stations.<sup>16</sup> South Korea has committed to reduce emissions by 40% by 2030.<sup>17</sup> It has also announced an end to financing for overseas coal projects.<sup>18</sup>

### Increasing Stranded Asset Risk

As the global economy accelerates efforts to reach net zero emissions by 2050, NHC is planning to waste shareholder capital on coal expansions antithetical to that goal.

NHC 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.<sup>19</sup> Meanwhile, the ~AU\$1 billion New Acland Stage 3 project would expand that mine's production capacity to 7.5Mtpa ROM, and extend its production life by 12 years.<sup>20</sup>

NHC also continues to risk capital on other coal exploration activities. In FY20, NHC took an impairment of AU\$157 million on coal exploration and evaluation assets, which alone slashed EBITDA by 74%.<sup>21</sup> NHC has assessed 231Mt of "marketable" reserves for its

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<sup>10</sup> -south-korea-approves-bill-mandating-carbon-neutrality-by-2050;  
[https://www.ndc.gov.tw/en/Content\\_List.aspx?n=B927D0EDB57A7A3A;](https://www.ndc.gov.tw/en/Content_List.aspx?n=B927D0EDB57A7A3A;)

<sup>10</sup>

<https://newhopegroup.com.au/wp-content/uploads/J0959-NHG-Sustainability-Report-WEB-FINAL.pdf>  
11-12

<sup>11</sup> <https://carbontracker.org/reports/do-not-revive-coal/>

<sup>12</sup> Ibid

<sup>13</sup>

[https://globalenergymonitor.org/wp-content/uploads/2022/04/BoomAndBustCoalPlants\\_2022\\_English.pdf](https://globalenergymonitor.org/wp-content/uploads/2022/04/BoomAndBustCoalPlants_2022_English.pdf)  
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<sup>14</sup> <https://globalenergymonitor.org/projects/global-coal-plant-tracker/summary-tables/>

<sup>15</sup> <https://www.reuters.com/article/us-japan-powerstation-coal-idUSKBN243074>

<sup>16</sup>

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

<sup>17</sup> <https://www.climatechangenews.com/2021/06/16/south-korea-proposes-cutting-emissions-40-2030/>

<sup>18</sup> <https://www.reuters.com/article/global-climate-summit-southkorea-idUSL4N2MF3R2>

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

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<https://eisdocs.dsdip.qld.gov.au/New%20Acland%20Coal%20Mine%20Stage%203/Project%20changes/new-acland-coal-mine-stage-3-project-cg-change-report-imposed-conditions.pdf>  
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<sup>21</sup> [https://newhopegroup.com.au/wp-content/uploads/NHG-Annual-Report\\_2020.pdf](https://newhopegroup.com.au/wp-content/uploads/NHG-Annual-Report_2020.pdf)  
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Lenton, Elimatta and Taroom tenements.<sup>22</sup> Under the NZE2050 there would be no market for this coal, making these exploration assets worthless.

### Capital Preservation

NHC is currently enjoying a period of high prices and earnings. This capital must be preserved and returned to shareholders, rather than wasted on projects that would become stranded as the world moves to meet its climate commitments.

Previous 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 after-tax profit plunged 174% year-on-year.<sup>23</sup>

In NZE2050, steam coal import prices are modelled to fall to US\$57/t in Japan by 2030, and lower still thereafter.<sup>24</sup> While thermal coal prices are currently high, many commentators recognise the sector is in terminal decline.<sup>25</sup>

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.

We strongly encourage our fellow shareholders to support this resolution.

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<sup>22</sup> Ibid 16

<sup>23</sup> Ibid 2

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

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