

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)
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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)

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;
- Details of how the company's planned coal production aligns with projected demand under such a scenario;
- 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 2023 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, shareholders of Australian companies cannot follow the example of shareholders of UK, US, New Zealand or Canadian companies 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 an appropriate course of action for shareholders is to formally and publicly alert board members that 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

NHC has acknowledged "Climate change is a critical issue which requires a global effort to transition to a net zero carbon economy by the year 2050".¹ NHC fails to acknowledge, however, that the energy transition required to meet this goal presents existential financial risks to our company.

The International Energy Agency's (IEA) seminal Net Zero by 2050 (NZE) scenario highlights these risks, projecting steeply declining coal demand over the next three decades.²

The likelihood of these risks materialising is increasing, with 88 countries representing approximately 79% of global emissions – including NHC's current markets – having set a net zero emissions target.³

Yet, despite overwhelming scientific evidence demonstrating new or expanded coal mines are incompatible with achieving the climate goals of the Paris Agreement and net zero emissions by 2050,⁴ NHC is building the ~AU\$1 billion New Acland Stage 3 expansion project⁵ and is continuing to allocate capital to further coal exploration.

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

¹ https://newhopegroup.com.au/wp-content/uploads/2022/10/Climate_and_Global_Energy_Transition_Statement.pdf 1

² <https://www.iea.org/reports/world-energy-outlook-2022>

³ <https://www.unep.org/resources/emissions-gap-report-2022> 13

⁴ <https://www.iea.org/reports/world-energy-outlook-2022>; <https://www.ipcc.ch/assessment-report/ar6/>

⁵ <https://eisdocs.dsdip.qld.gov.au/New%20Acland%20Coal%20Mine%20Stage%203/Project%20changes/new-acland-coal-mine-stage-3-project-cq-change-report-imposed-conditions.pdf> 1

maximises shareholder returns and minimises stranded asset risk as the world moves to meet its climate commitments.

Markets disappearing

NHC uses Wood Mackenzie projections to suggest there is an emerging supply gap in the global seaborne coal market.⁶ This scenario sees demand staying mostly flat this decade, whereas NZE projects global coal trade to fall more than half by 2030.

NZE models:⁷

- Unabated coal use falling 99% by 2050;
- Unabated coal power being phased out in developed economies by 2035 and globally by 2040; and
- Coking coal production falling 88% by 2050.

Further expenditure to expand or extend coal production therefore risks being wasted under NZE.

National net zero commitments indicate NHC's current major export markets are set to rapidly shrink. Representing over 80% of NHC's FY22 revenue,⁸ Japan, Korea, Taiwan, Australia and Chile have now legislated net zero emissions by 2050 targets.⁹ Japan is planning to close around 100 of its 140 coal-fired power plants by 2030¹⁰ and has cancelled plans for new coal power stations.¹¹ South Korea has committed to reducing emissions by 40% by 2030.¹²

Outside its current markets, NHC predicts future demand to be underpinned by coal-fired power generation across Asia.¹³ However, developments in these markets demonstrate this expectation is unrealistic.

The pipeline of proposed coal power capacity outside the OECD and China fell by 83% from 2015 to 2022.¹⁴ Global net coal plant capacity additions fell by ~70% over the same period.¹⁵ This trend is reinforced by recent policy shifts in emerging Asia, with India¹⁶, Malaysia¹⁷ and the Philippines¹⁸ having halted new coal power approvals.

No justification for coal growth strategy

Even before considering the rapid decarbonisation required to meet the Paris climate goals, NHC's plans to double its production do not make financial sense in a business-as-usual (BAU) pathway.

⁶ https://newhopegroup.com.au/wp-content/uploads/2022/10/J1796-NHG-Annual-Report_WEB3.pdf 8

⁷ <https://www.iea.org/reports/world-energy-outlook-2022>

⁸ https://newhopegroup.com.au/wp-content/uploads/2022/10/J1796-NHG-Annual-Report_WEB3.pdf 81

⁹ <https://mainichi.jp/english/articles/20210601/p2a/00m/0op/014000c>; <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/energy-transition/090221-south-korea-approves-bill-mandating-carbon-neutrality-by-2050>; <https://asia.nikkei.com/Spotlight/Environment/Climate-Change/Taiwan-commits-to-net-zero-carbon-emissions-by-2050>; <https://www.pm.gov.au/media/australia-legislates-emissions-reduction-targets>; <https://www.gob.cl/en/news/a-milestone-in-chiles-environmental-history-from-today-we-have-our-first-framework-law-on-climate-change/>

¹⁰ <https://www.reuters.com/article/us-japan-powerstation-coal-idUSKBN243074>

¹¹ <https://www.bloomberg.com/news/articles/2021-04-27/japan-s-coal-pipeline-is-bare-after-last-planned-project-axed>

¹² https://unfccc.int/sites/default/files/NDC/2022-06/211223_The%20Republic%20of%20Korea%27s%20Enhanced%20Update%20of%20its%20First%20Nationally%20Determined%20Contribution_211227_editorial%20change.pdf

¹³ https://newhopegroup.com.au/wp-content/uploads/2022/10/Climate_and_Global_Energy_Transition_Statement.pdf 1

¹⁴ <https://globalenergymonitor.org/wp-content/uploads/2023/03/Boom-Bust-Coal-2023.pdf> 11

¹⁵ <https://globalenergymonitor.org/projects/global-coal-plant-tracker/summary-tables/>

¹⁶ <https://www.reuters.com/business/energy/india-amends-power-policy-draft-halt-new-coal-fired-capacity-sources-2023-05-04/>

¹⁷ <https://www.spglobal.com/commodityinsights/en/ci/research-analysis/malysias-new-energy-transition-plan-lower-renewable-capacity.html>

¹⁸ <https://www.argusmedia.com/en/news/2361779-marcos-govt-keeps-ban-on-new-philippine-coal-plants>

Consensus price forecasts for Newcastle thermal coal show a steep decline to an average of US\$131/t (AU\$182)¹⁹ in 2025.²⁰ This price trend is running opposite to NHC's production costs, which rose 59% from 1H22 to AU\$84/t in 1H23.²¹ This does not include royalties, which are set to rise substantially from mid-2024.²²

With fast-shrinking margins even under BAU conditions, shareholders should be concerned about NHC's ability to return capital if it continues to pursue growth projects.

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 the 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 2039.²³ Meanwhile, the ~AU\$1 billion New Acland Stage 3 project expands that mine's production capacity to 7.5Mtpa ROM, and extends its production life by 12 years.²⁴

NHC also continues to risk capital on other coal exploration activities. In FY20, NHC recorded a AU\$157 million impairment on coal exploration and evaluation assets, which alone slashed EBITDA by 74%.²⁵ NHC has assessed 232Mt of "marketable" reserves for its Elimatta and Taroom tenements.²⁶ Under the NZE there would be no market for this coal, making these exploration assets worthless.

Capital preservation

With the peak of NHC's period of high prices and earnings now past, its AU\$731 million cash position is only set to soften.²⁷ NHC must preserve capital and return it to shareholders, rather than gamble on growth projects that face stranding as the world moves to meet its climate commitments.

We urge shareholders to support this resolution.

¹⁹ Based on KPMG consensus average exchange rate for 2025

²⁰ <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2023/coal-price-fx-market-forecast-june-july-2023.pdf>

²¹ [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4)

[2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4) Underlying FOB cash cost, excluding royalties and trade coal purchases

²² <https://www.nsw.gov.au/media-releases/coal-royalties-to-deliver-budget-repair-fairer-return-for-nsw>

²³ <https://newhopegroup.com.au/bengalla-mine/>

²⁴ <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

²⁵ https://newhopegroup.com.au/wp-content/uploads/NHG-Annual-Report_2020.pdf 21

²⁶ [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4)

[2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02645886-2A1438742?access_token=83ff96335c2d45a094df02a206a39ff4) 12

²⁷ [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02699451-](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02699451-2A1467444?access_token=83ff96335c2d45a094df02a206a39ff4)
[2A1467444?access_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02699451-2A1467444?access_token=83ff96335c2d45a094df02a206a39ff4)