

ASX Release | 18 November 2021

2021 Annual General Meeting



NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

New Hope Corporation Limited (**ASX: NHC**) advises that the following will be delivered at the Company's Annual General Meeting being held today at 12 noon (Brisbane Time):

- Chairman's Address to Shareholders; and
- Chief Executive Officer's Address to Shareholders.

Mr Robert Bishop
Company Secretary

(ends)

For more information please contact:

Reinhold Schmidt

Chief Executive Officer

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Robert Bishop

Chief Financial Officer and Company Secretary

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This ASX announcement was approved and authorised by the Board.

Annual General Meeting | 18 November 2021

Chairman's Address to Shareholders



NEW HOPE CORPORATION LIMITED

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On behalf of the Directors of New Hope Corporation Limited, it is a great pleasure to present the address to shareholders on the Company's performance in the 2021 Financial Year (FY21).

Undoubtedly, FY21 has been a year of two halves for our Australian owned and operated Company. While we delivered strong financial results and solid returns to shareholders, we were faced with challenging and uncertain conditions.

During the first half of FY21, the impact of the pandemic was ongoing, and the Newcastle coal prices were at a near all-time low of US\$50 per tonne. The second half saw a significant turnaround, with prices rebounding strongly, not just to pre-COVID levels, but to levels we had not seen since 2008. With coal prices tripling to US\$150 per tonne, the full year performance resulted in a closing share price of \$2.00 per share (up 52% on FY20), a full year dividend of 11.0 cents, and Underlying EBITDA¹ of \$367 million.

I am proud of the new leadership team and congratulate our employees for their adaptability and resilience. The approach taken by our Chief Executive Officer, Mr Reinhold Schmidt, and the commitment of the teams to reduce costs, enabled our Company to withstand the downturn and positioned it to achieve outstanding returns as the market improved. The Company has already had a terrific start to FY22 achieving an underlying EBITDA for Quarter 1, FY22 of \$242.5 million which was predominantly driven by coal prices at all time highs, averaging US\$222 for the month of October. The Company's share price traded at \$2.70 per share last month and the debt reported on 31 July 2021 of A\$310 million is now fully repaid from operating cash flows.

Our refreshed strategy is to diversify and grow the business. Our Company is well positioned for the future and the A\$200 million Convertible Notes offering in July 2021 has strengthened our capital capacity. The demand for this offering was very pleasing and enabled a fresh group of global institutional investors to invest in the Company.

Bengalla continues to be our cornerstone operation, producing outstanding production and cost results. As New Acland moves closer to an inevitable shutdown of operations while we await the outcomes of Stage 3 approvals, the workforce continues to remain safe, professional, and focused. The lengthy approvals process has forced retrenchments of almost all the New Acland workforce, many of whom have been long term employees. We wish them well in their futures and hope that Stage 3 approvals are granted during FY22 enabling the restart of mining and the offer of employment and economic opportunity for the benefit of the local region.

¹ Underlying Earnings before interest, tax, depreciation, and amortisation (EBITDA) is not defined by IFRS. Underlying EBITDA is a non-statutory measure and is unaudited.

The safety of our employees and the local communities in which we operate is our priority. The Total Recordable Injury Frequency Rate is below industry average. Best practice environmental planning and progressive rehabilitation is incorporated into all project phases from development and exploration to eventual close. During the reporting period, a total 113 hectares of land was rehabilitated back to productive use as part of our core commitment to return land to a sustainable post mining use.

Our latest Sustainability Report provides an important source of information on climate change risk and opportunities, as well as the long-term sustainability of our business. It is clear the world must transition to a lower carbon economy and that coal is a necessary source of energy today and will remain so into the future. These two propositions are not contradictory. The International Energy Agency forecasts a continuing role for coal to 2040 and beyond even under the Sustainable Development Scenario, which is the scenario required to meet the goals of the Paris Agreement as just reaffirmed in the Glasgow Agreement. We recognise that our activities have impacts; however, we also recognise that the Company has a positive role to play as a customer for our contractors and suppliers, as a payer of taxes and state royalties, as a custodian of land, and as a member of and a contributor to our local communities.

Giving back to the local communities in which we operate is not only our responsibility it is a privilege. The Company is honoured to invest in sponsorships, donations, and economic contributions, with some community partnerships spanning more than 20 years. Despite New Acland's Stage 3 Project being on hold, the Company continued to support local organisations.

As a Board, we share a common commitment to acting in the best interest of our shareholders. We recognise the importance of balancing the requirements of the business with the interests of our customers, employees, and the wider community, and maintaining a long-term outlook by carefully considering risks and opportunities. We are committed to ensuring we have the right practices to maintain a strong corporate governance. Your Board brings a balance of stability and new perspectives, together with a powerful mix of skills, experience, and industry knowledge. The Board strives to deliver a balanced and measured set of remuneration outcomes that align with the culture, strategy and performance of the business, and contribution of the leadership team. This year's Board-endorsed resolutions include the re-election of Directors Mr Todd Barlow and Mr Thomas Millner. Their backgrounds are summarised in the Notice of Meeting and Explanatory Memorandum.

The Company's core values of Integrity, Respect, Responsibility, Wellbeing, Resilience, and Collaboration foster a culture which supports diversity and inclusion. We believe the best business outcomes are driven through collaboration of ideas and opinions from diverse teams. Our people are fundamental to our success and a diverse workforce is essential for the sustainable future of the Company.

In conclusion, I thank my board colleagues for their guidance and support during the year, the leadership team and all the talented people across our business for their hard work and dedication during these unprecedented times. Most importantly, I wish to thank you, our shareholders, for your continued loyalty and support. We look forward to delivering you excellent results in the current year and beyond.

I now handover to our Chief Executive Officer, Mr Reinhold Schmidt for his address.

Thank you.

Annual General Meeting | 18 November 2021

Chief Executive Officer's Address to Shareholders



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Thank you, Chairman, and good afternoon, Ladies and Gentlemen.

At last year's Annual General Meeting, my appointment as Chief Executive Officer had recently begun, and I felt very privileged to be given the opportunity to lead our Company into a new era. I have been committed to building a simpler, stronger, more resilient business and am pleased to update shareholders on its performance and strategic direction.

Over the past 12 months, our employees have worked tirelessly to add value to the Company. A review of the Company structure led to the significant rationalisation of corporate roles which resulted in leaner and more agile teams. The new leadership team includes the quality appointment of Mr Robert Bishop as Chief Financial Officer and Company Secretary. Rob joined the Company in 2019 as General Manager of Corporate Development and in late last year assumed responsibility for the Company's finance and secretarial functions. Rob has used his extensive experience to improve the financial and risk disciplines across the business.

Our results are starting to reflect the benefits of the changes made. The 2021 financial year results announced in September included a strong EBITDA performance that was a 27% increase on the prior financial year, and the first quarter for FY22 has commenced well. We continue to focus on the safety and wellbeing of our people while responding to the changing impact of COVID-19 on our sites. We know that vaccinations are the key to "opening up" and we are encouraging our people to get vaccinated.

Turning to the thermal coal prices. The negative impact on revenue at the beginning of FY21 was influenced by COVID on global economic activity which drove a material decline in coal prices along with fluctuations in foreign exchange rates. Since December last year, there has been a significant shift with coal prices rebounding and reaching a high of US\$262 during October 2021 which has directly benefited the cash generation for the company.

Consumption of the high-quality coal we produce is driving demand in our key markets. As the largest net importer of coal, China continues to have a material impact on the global seaborne trade market. Despite Japan continuing to explore alternative energy sources, the domestic recovery and limited availability of alternatives have fuelled higher demand for thermal power generation.

The critical issue of global climate change presents both risk and opportunity for the Company. The Paris Agreement as just reaffirmed by the Glasgow Agreement contains the commitment of currently 192 countries to the long-term goal of reducing global emissions and to limiting global average temperature rise to well below 2°C. As the Chairman noted, the Company recognises and supports the need to transition

to a global lower carbon economy; however, many communities, particularly the large cities of Asia, will require coal for affordable and accessible baseload energy provided by our customers to power homes and industries in the next two decades and beyond. As you can see in the graph the base case Seaborne demand exceeds probable and highly probable production from the early 2030's onwards. This demand curve is based on the current transition measures in place by governments across the world.

On the next slide, you can see the global cost curve for seaborne thermal coal as at 2030. Bengalla is very well placed, and Stage 3 for New Acland remains resilient at around the 25th percentile. The cumulative tonnes at ~930m globally represents the likely demand in 2030. Australia's thermal coal is widely recognised as having high energy content and favourable coal quality properties compared to its international counterparts.

Our operations produce high energy (high calorific value) coal which is lower in ash, sulphur and nitrogen, delivering superior coal quality outcomes, including low levels of nitrous oxide, carbon dioxide and sulphur emissions when compared to other coal products. This in turn helps to reduce the emissions intensity per unit of electricity generation. As a responsible operator, we prioritise our actions in response to the expectations of our stakeholders, including the communities in which we live and work, in order to create a positive and long-lasting sustainable legacy.

Looking ahead, I am very optimistic about the Company's future. Bengalla is well placed following major maintenance and upgrades to both the dragline and wash plant. New Acland is focused on a safe transition to care and maintenance, and the Land Court will hand down its decision on Stage 3 approvals early next year. Queensland Bulk Handling continues to focus on diversifying its product mix to maintain status as an important strategic asset, and Bridgeport is benefiting from an increase in oil prices. Our agricultural operations are seeing high cattle prices and good rain has improved crop yields. We will continue our world class rehabilitation and environmental management as an integral part of our operations. Demand for our high energy / lower emission product is expected to remain strong. We have several initiatives underway that will drive our strategy in 2022 and beyond, delivering on "Our Purpose" – to deliver long term shareholder value through responsible investment, marketing and asset management.

Before I hand over to Mr Rob Bishop to present the operational and financial results, I would like to close by thanking such an exceptional group of employees for their commitment, passion, and dedication during uncertain times. To the Chairman and the Board, thank you for your unwavering commitment and support which has ensured the ongoing prosperity of our Company and its shareholders. New Hope Group is a business with some truly unique assets with compelling opportunities and many growth levers in the medium to long term.

Thank you.