

Climate and Global Energy Transition Statement

October 2022



NEW HOPE
GROUP

Introduction

Overview

Climate change is a critical issue which requires a global effort to transition to a net zero carbon economy by the year 2050 while maintaining reliable and secure sources of energy supply. Governments, communities, industry and economic actors globally all have a role to play in transforming the world's energy system.

The pace of transition is dependent on the implementation of successful policy settings and the adoption of low-carbon emitting energy technologies which move demand away from traditional carbon-based sources of energy supply. Decarbonisation of the world's energy system is likely to be phased over decades and will have regional variances, with carbon-based energy sources likely to subsist longer in fast growing developing nations in the Indo-Pacific region.

As an operator of efficient, low-cost mining assets which supply high quality thermal coal into the global market, New Hope's¹ opportunity is to continue to supply a reliable source of energy during the phases of transition.

Equally, as an operator of carbon-intensive businesses, New Hope recognises that it is directly and indirectly a contributor to greenhouse gas (GHG) emissions,² and is exposed to and must manage risks in the transition to a net zero carbon economy.

This statement explains New Hope's approach to these opportunities and risks and our role in the global energy transition.

¹ New Hope Corporation Limited and its controlled entities (also "we/our", and "the Group" when used in respect of all controlled entities).

The principles we will follow

During the transition to a net zero carbon economy, we will be a responsible operator of our business and assets by:

- developing opportunities to reduce carbon emissions for our ongoing operations where reduction outcomes are within our control, economically viable, and responsive to evolving policy, regulation and stakeholder expectations;
- progressively rehabilitating land disturbance from our operations and maintaining the means to economically close operations as the pace of transition requires;
- being transparent about our climate-related risks and responding to the evolution of disclosure recommendations;
- applying disciplined capital management practices and ensuring business judgement decisions are consistent with our best forecasts for future demand;
- regularly testing our responsiveness to key stakeholder issues and building a resilient strategy and business capability; and
- assisting our workforce and the communities where we operate to navigate change in line with the pace of transition.

Scope of this document

In this document, we aim to provide clear information about the nature of our GHG emissions, how we will operate our business, the future of our assets and how we will consider future opportunities.

This document is based on available information and analysis as at 1 October 2022.

The final page of this document contains further explanatory information about the purpose and content of this document.

² For definitions of "Greenhouse Gas (GHG) emissions" (also "emissions") and "Scope 1", "Scope 2" and "Scope 3" emissions, see the [Clean Energy Regulator's website](#).

Our Assets

Primary mining assets

New Hope's key investments are in thermal coal mining assets.

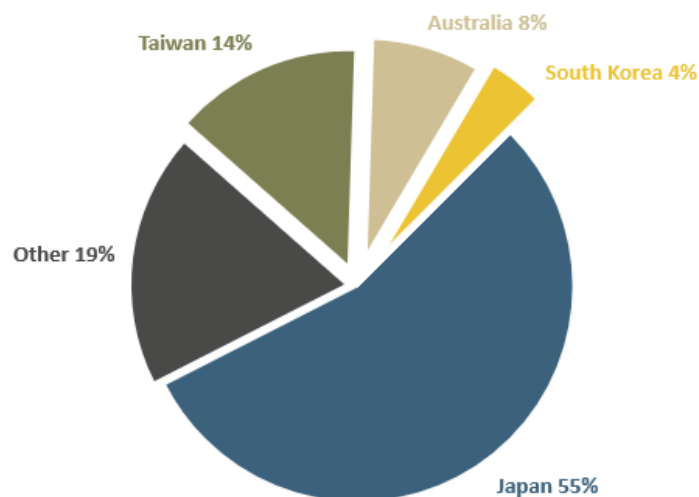
Our largest asset is an 80% interest in the Bengalla Mine, an open cut thermal coal mine near Muswellbrook in the Hunter Valley, New South Wales. Bengalla is currently permitted to operate until the year 2039.

Our second largest asset is the New Acland Mine, an open cut thermal coal mine west of Toowoomba in southern Queensland. New Acland is presently in care and maintenance pending final approvals to recommence operations and develop the New Acland Stage 3 project which will have an approximate 13-year mine life.

The Bengalla and New Acland mines collectively account for around 95 percent of group revenues.

Both mines produce high quality thermal coal, of which the majority is exported, largely to East Asian markets including Japan, Taiwan and South Korea.

FY22 Revenue by destination (by percentage)



Bengalla and New Acland both provide a significant source of employment close to their operations, with most employees and contractor personnel locally based.

Other operating assets

New Hope also wholly-owns smaller non-mining businesses: Bridgeport Energy Pty Ltd (**Bridgeport**), which, through subsidiaries, is an oil and gas producer operating largely in south-west Queensland; Queensland Bulk Holdings, which is a coal handling and export terminal at the Port of Brisbane; and Acland Pastoral Company and Bengalla Agricultural Company, which operate agricultural enterprises near our mining operations.

These non-mining assets will also be affected by climate change and the energy transition. However, they are of a smaller scale in the overall context of New Hope's business in comparison to the mining assets and account for less than 5 percent of the group's revenue, and less than 5 percent of the group's direct and indirect GHG emissions.

Investments and non-operating tenure

In August 2022, New Hope acquired a shareholding in Malabar Resources, which is developing a metallurgical coal project in the Hunter Valley. Malabar Resources holds coal exploration tenure and a number of as yet undeveloped mining leases in the Hunter Valley. If the project moves into production, it is expected to have a mine life of at least 25 years. As a minority shareholder, New Hope does not have operational control over Malabar Resources and therefore its emissions and potential future emissions are not included in the analysis provided in this document.

New Hope also holds coal exploration tenure and undeveloped mining leases, mainly in the Surat Basin in Queensland. We also hold post-closure mining sites which are now in a rehabilitation phase.

Bridgeport holds petroleum exploration tenure, mainly in southern Queensland.

Analysis and strategy

Analysis in this section

In this section we provide analysis about our present and anticipated future supply of coal into thermal coal markets.

In the analysis we have assumed that governments around the world will pursue efforts to limit global temperature increases to 1.5 degrees Celsius above pre-industrial levels (**1.5 Degree Pathway**), as outlined in the Paris Agreement of 2015 and reinforced at the UN Climate Change Conference of the Parties (COP26) at Glasgow in 2021.

A 1.5 Degree Pathway requires rapid, deep and sustained reductions in global emissions, including reducing global emissions by 45 per cent by 2030 relative to the 2010 level and 'net zero' emissions around the year 2050.

Various models exist which analyse coal demand and the mix of energy generation needed to stay on a 1.5 Degree Pathway, including the [International Energy Agency's 2021 World Energy Outlook](#).

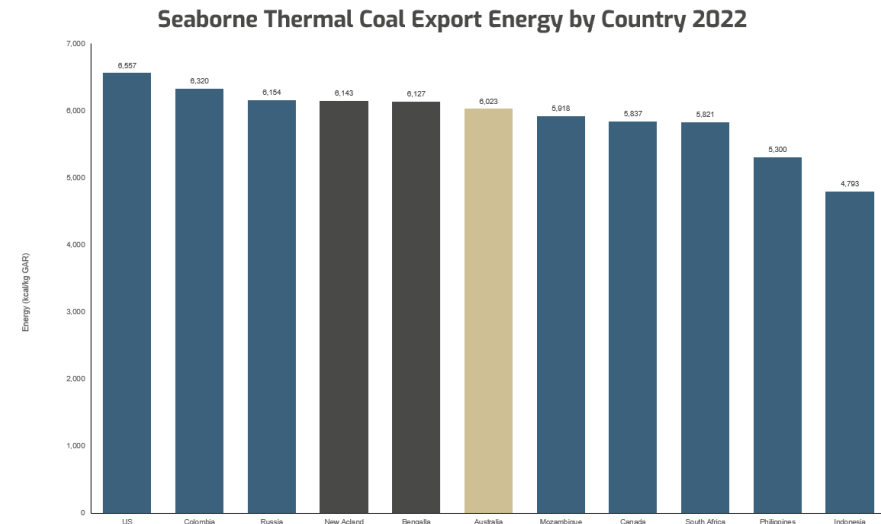
In this section, we primarily have regard to **Wood Mackenzie's** Accelerated Energy Transition 1.5-Degree Scenario (**AET1.5**), with graphical presentations based on this analysis.

As coal is by far the greatest source of emissions associated with our business, the analysis in this section focuses primarily on the future of thermal coal.

Our coal

Our coal has a high energy content (high calorific value). Calorific value is important because the higher the value, the less coal that is required to be consumed to generate the same power.

The following table compares the weighted average calorific value of seaborne coal from our Bengalla and New Acland operations against other Australian producers and other large coal exporters by country.

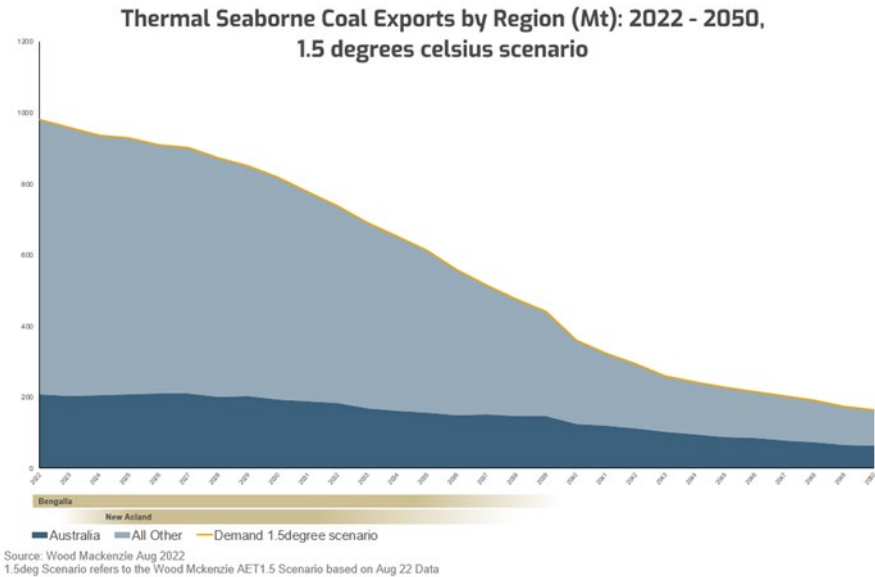


Source: Wood Mackenzie Q3 2022 dataset
New Hope Estimates for own assets
GAR represents 'Gross As Received' basis

Role of Australian coal

Even on a 1.5 Degree Pathway, which necessitates a significant decline in unabated global coal use, we believe Australian thermal coal will be more resilient to demand decline relative to other producing regions. This is because Australian thermal coals have higher energy qualities and because demand decline is slower in Australia's key Asian markets relative to other destination markets.

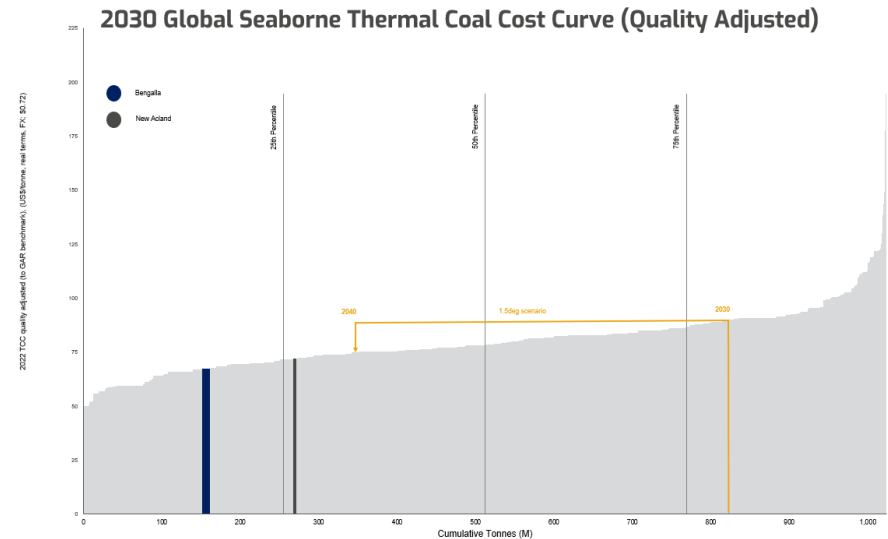
The following graph shows the decline in thermal seaborne coal supply required to remain on a 1.5 Degree Pathway, with Australian supply shown in dark blue. The expected operational life of the Bengalla and New Acland mines based on current mine plans is shown underneath the graph.



Business resilience

Bengalla and New Acland are both low-cost producers, being respectively within the first quartile and low within the second quartile of the global seaborne thermal coal cost curve. Together with the high-quality coals produced from these assets, their competitive cost base should be expected to provide relative resilience to demand decline in a contracting market.

This is outlined in the graph below, where the yellow line shows the theoretical position where supply meets demand in each of 2030 and 2040 for the world to remain on a 1.5 Degree Pathway.



Operation of existing assets

We believe that we are best placed to continue to operate our assets throughout their life and carry out full rehabilitation and closure obligations as required by our approvals. The life-cycle of coal mining and rehabilitation is our core expertise, and the skills and capability of our employees is grounded in mining and resources.

We intend to continue to operate our non-mining assets through their natural life. New Hope’s non-mining assets are expected to continue to represent a small proportion of the Group’s overall emissions.

Development and expansion

Under current mine plans, both Bengalla and New Acland will cease extraction operations before the year 2040. Bengalla's current approvals expire in 2039 with mining expected to cease shortly before that under the current mine plan.

We are presently conducting exploration activities to the west of Bengalla's existing operations to determinate the scope of future development opportunities. A significant amount of analysis and assessment is requirement before we would take any decision to extend operations beyond the year 2039. Any decision to do so would be based on stringent risk analysis and investment criteria consistent with our best forecasts for future demand, having regard to prevailing policy and regulatory settings and in consultation with relevant stakeholders. Further state government approvals would also be required to realise any such extension.

At New Acland, the focus remains on securing approvals for the Stage 3 project. If approvals are granted, the expected remaining mine life will be 13 years from recommencement of operations.

The opportunities to develop mining projects from our mining exploration assets at other locations will be highly dependent on market conditions, logistics and infrastructure capabilities, and prevailing regulatory and policy settings. We are yet to take any decision on mining development opportunities at these sites.

As for Bridgeport's exploration tenure, the Vali gas project³ is presently being developed for the supply of gas into the domestic market. The adjacent Odin gas project is the next most likely project to be brought into development. Other potential development opportunities outside of existing areas of operation are at an early stage of exploration and we are not close to a decision to proceed with development.

³ Bridgeport holds a 25 percent participating interest in the Vali and Odin gas projects which are operated by Vintage Energy Limited (ASX: VEN).

Investments and future opportunities

We will continue to seek opportunities to pursue further investment in coal, both thermal and metallurgical, which provide value to our shareholders. Any decision to pursue future opportunities will be based on stringent risk analysis and investment criteria consistent with our best forecasts for future demand, having regard to prevailing policy and regulatory settings and in consultation with relevant stakeholders. We will also examine the opportunities to re-purpose our land holdings and assets towards alternative uses of value to our investors and stakeholders, such as enhanced biodiversity and conservation zones, renewable energy generation and other industrial or commercial uses.

Government policy

Our operations are subject to the laws and regulations of the states in which we operate (Queensland and New South Wales) and the Federal Government of Australia.

The Federal Government has legislated a 43% reduction on 2005 emission levels by 2030 and net-zero emissions by 2050. While less than 15 percent of our coal product is currently supplied to Australian generation customers, the government's policy direction means that new or more stringent targets are likely to be imposed upon our operations.

Despite increased scrutiny and the expectation of increased regulation and decarbonisation obligations, we see broad recognition from Australian state and federal governments that thermal coal will continue to play a role as an export product in a global market, underpinned by the high quality of Australian coals.⁴

⁴ See for example page 4 of the Queensland Government's [Queensland Resources Industry Development Plan](#) released in June 2022 and the New South Wales Government's [Strategic Statement on Coal Exploration and Mining in NSW](#).

Implementation of decarbonisation initiatives and effective carbon abatement technologies by Australian producers will likely provide further support for that role.

Emissions

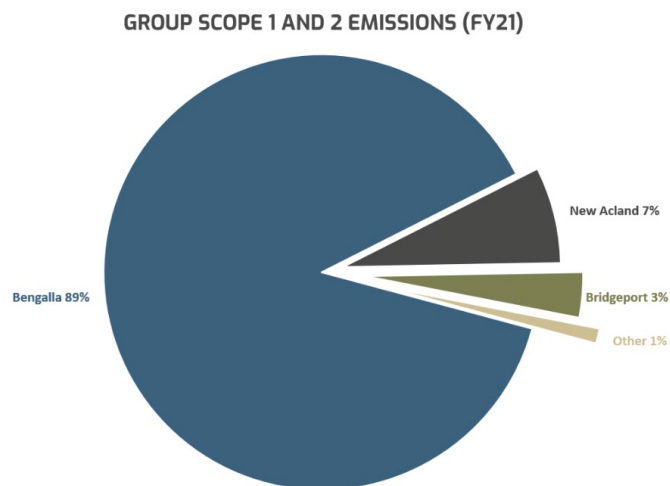
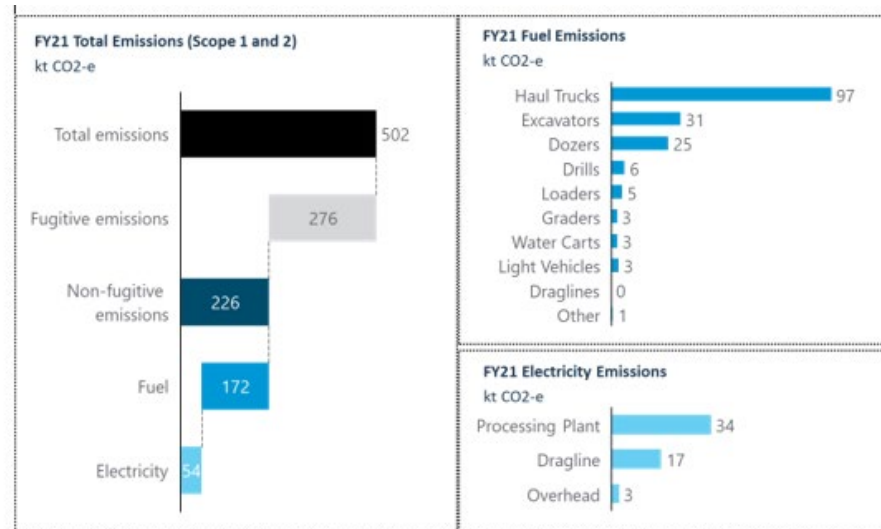
Overview of GHG emissions

The Group's total Scope 1 and 2 emissions measure around 700,000 tCO₂-e per annum.⁵ Our Bengalla and New Acland operations collectively account for around 95% of the Group's total Scope 1 and 2 emissions, with Bengalla alone accounting for around 89% of the Group's total emissions.

Scope 1 emissions are derived from various sources, including fugitive emissions from the mining process and fuel emissions from haul trucks and other heavy equipment. Fugitive emissions are a greater source of emissions for Bengalla in comparison to New Acland, which has a relatively low fugitive emissions footprint.

As our primary operating site and the most energy and emissions intensive part of our business, Bengalla's Scope 1 and 2 emissions are further detailed in the below table. Approximately 10% of the mine's emissions come from electricity consumption (Scope 2), while 55% is from fugitive emissions (Scope 1) and the balance is from the consumption of fuel in vehicles used on site (also Scope 1).

Breakdown of Scope 1 and Scope 2 Emissions – Bengalla



⁵ Total Group emissions were 569,233 tCO₂-e in FY21, 702,779 tCO₂-e in FY20. For the purposes of this document Bengalla's emissions are reported on a whole of mine (100%) basis.

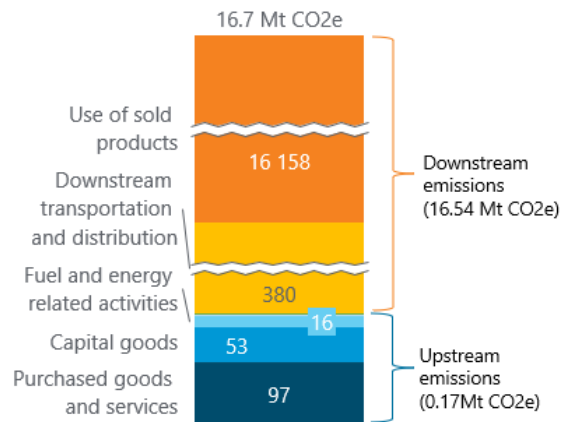
Scope 3 emissions

Scope 3 emissions are emissions which are outside of an organisation’s reporting boundary. For New Hope, coal consumed within our customer operations is by far the largest source of emissions connected with our operations.

Obtaining an accurate measure of Scope 3 emissions is a challenge because our product gets consumed in a variety of generation plants which vary in their energy efficiency. In addition, not all purchasers of our product produce readily available information about the consumption of our product and the net emissions resulting from consumption.

To date, we have not provided estimates for whole of Group Scope 3 emissions. However, through direct sourcing of customer and supplier information, and reasonable estimates where data is not directly available, an estimate of Bengalla’s Scope 3 emissions detailed by category is set out below.

Composition of Scope 3 emissions– Bengalla ktCO2e (2021)



Abatement and targets

Our teams are always working to improve efficiencies within our business to improve operating performance and reduce costs.

A number of active and prospective projects exist for potential energy and emissions reduction solutions in our operations. Achievable emissions abatement opportunities with positive value will be the first to be considered for implementation.

In the longer term, opportunities for abatement exist through a decarbonised electricity grid, on-site solar, investment in off-site renewable energy projects, and the potential electrification of our fleet of haul trucks and other heavy equipment. To varying degrees, these opportunities are contingent on technological developments and the federal and state policy environment.

The purchase of carbon credits (including Australian Carbon Credit Units) and the development of accredited offset projects are long-term options for offsetting site emissions which cannot be abated through direct measures.

We intend to continue to mature our approach and develop our own emissions reduction targets appropriate for our business and responsive to evolving policy, regulation and stakeholder expectations.

Governance

Board oversight

New Hope's board of directors (**Board**) is responsible for climate-related performance against our business objectives, purpose, and values.

The Audit and Risk Committee (**ARC**) of the Board actively monitors the strategies, processes and actions undertaken to manage risks, opportunities, and performance in relation to climate change.

The Sustainability and People Committee (**SPC**) of the Board has oversight and champions management of climate-related matters.

Each of the ARC and SPC provides findings and recommendations directly to the Board.

The identification and management of climate-related risks are integrated into New Hope's Risk Management Framework. Further information about risk management is set out under the heading "Risk Management" below.

Management's role

Responsibility and accountability for implementation of climate-related initiatives identified through the Risk Management Framework is allocated to executive and senior management. We continue to refine our climate-related disclosures annually in line with relevant frameworks.

Corporate Governance Statement

New Hope's Corporate Governance Statement sets out the key features of our governance framework and practices. New Hope's Corporate Governance Statement is released to the ASX annually and is also available on the [New Hope Group website](#).

Risk Management

Identifying climate-related risks

The ARC, in conjunction with the SPC, reviews and updates the Enterprise Risk Register and Risk Management Framework on an annual basis. Updates reflect existing risks and any additional risks identified in the previous reporting year, including risks which are climate related and mitigation activities.

The ARC and the SPC each provide an advisory role to executive management to ensure mitigating strategies are implemented within the business.

The ARC is responsible for reviewing external climate risk disclosures. The Board provides final approval of external disclosures.

The annual review takes account of any relevant updates on evidence of physical and/or transitional risks including reports from recognised authorities and industry literature on changes to our operating environment.

Executive management engage suitably qualified external consultants to advise on climate-related risks and opportunities and key developments relevant to our business, industry, communities where we operate and the markets we serve.

Register of climate-related risks

Climate-related risks are disclosed annually in the Directors' Report at the time of full year results, and in New Hope's Annual Report, as released to the ASX and available on the [New Hope Group website](#).

The risks are summarised and disclosed with identification of impact on a short, medium and long-term basis. We have considered these risks when analysing New Hope's resilience and future opportunities, and in determining New Hope's strategy.

About this document

This document (*Climate Statement*) has been prepared for the purpose of providing investors in New Hope Corporation Limited ABN 38 010 653 844 (*Company*) with information regarding the Company's long-term planning with respect to its climate change transition. The Climate Statement contains forward-looking statements and statements of opinion. These may include statements regarding climate change, transition scenarios, external enablers (including technology commercialisation, policy support, market support for lower carbon products, raw materials availability and energy availability), and actions of third parties.

Any such statements speak only at the date of this Climate Statement. Readers are cautioned not to place undue reliance on such statements, particularly in light of the long-time horizon which this Climate Statement discusses and the inherent uncertainty in possible policy, market and technological developments in the future. No representation or warranty is made regarding the accuracy, completeness or reliability of the forward-looking statements or opinion, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of the Company, and actual results, circumstances and developments may differ materially from those expressed or implied in this Climate Statement. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate.

Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.

To the maximum extent permitted by law, the Company, its related bodies corporate and respective officers do not accept any liability for any loss arising from the use of the information contained in this Climate Statement.

The information included in this Climate Statement is not investment or financial product advice. Before making an investment decision, you should seek appropriate financial advice, which may take into account your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

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