



ASX Announcement

October 14, 2010

NORTHERN ENERGY CORPORATION REJECTS UNSOLICITED TAKEOVER OFFER FROM NEW HOPE CORPORATION

Further to its announcement on 8 October, 2010, the Board of Northern Energy Corporation Limited (ASX:NEC) has considered the unsolicited takeover offer from New Hope Corporation (ASX:NHC) and has **unanimously rejected the offer**.

The Board considers the offer materially undervalues Northern Energy. In particular, the Board notes:

- Maryborough and Elimatta are high quality growth assets with significant further value to be unlocked
 - o Northern Energy has an excellent portfolio of hard coking, thermal and PCI coal and also has a good combination of near term producing and longer term development assets
 - o Northern Energy is well positioned for continued growth. Recent announcements confirm the strategy and pathway to production
- The offer does not reflect the inherent value in the Northern Energy portfolio of assets nor does it reflect the strategic value of Northern Energy's project pipeline
- The offer is highly opportunistic and has been timed to take advantage of short term share price weakness associated with the MRRT and delays in mine approvals
- The offer provides no improvement in value to the initial proposal rejected by the Board on 8 October 2010

"The Board considers this offer inadequate." said Dr Chris Rawlings, Chairman of Northern Energy. "This offer has come as the company is on track to begin coking coal production at Maryborough in 2012. We are also currently testing several expansion options at Maryborough and we will provide the market with these updates in due course."

The Board also notes that the bid is subject to a number of conditions and will comment further on these in Northern Energy's Target Statement, which will be sent to shareholders in due course. The Board continues to advise Northern Energy shareholders to **TAKE NO ACTION** in relation to New Hope's offer.

The Board is committed to ensuring that shareholders fully benefit from Northern Energy's underlying value and growth potential.

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